Daily Report

East Europe

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Ministry on Expatriation of Turkish Kurds, Others

AU3004170795 Tirana TVSH Television Network in Albanian 1800 GMT 29 Apr 95

[Announcer-read Interior Ministry statement]

[FBIS Translated Text] The Interior Ministry has discovered that, taking advantage of the current right to cross the national border without visas, many Turkish citizens who are Kurds have entered the Republic of Albania. Entry has been accomplished via the Turkish airline Top Air with the aim of clandestinely passing into the West, mainly Italy, thus creating social problems and many other serious concerns.

Under these conditions, the border police have received instructions and taken every necessary measure to expatriate. upon arrival, all foreign citizens who do not present justified reasons for entry and a dignified stay in the Republic of Albania.

As of this week, many foreign citizens of this kind arriving via the Top Air airline or other airlines have not been allowed to enter the country.

These toughened measures are being employed at the land border crossing points and naval ports of the Republic of Albania.

Kosovo: Possible 'Further Escalation' Noted

AU0105193795 Tirana RILINDJA in Albanian 29 Apr 95 p 3

[Report by Behxhet Haliti on news conference by LDK deputy chairman Hydajet Hyseni in Prishtina on 28 April: "Albania With a Strong International Position—A Factor of Stability in the Balkans"]

[FBIS Translated Text] Hydajet Hyseni, deputy chairman of the Kosova Democratic League [LDK], said at yesterday's LDK news conference: We reiterate yet again our demand for a greater and more comprehensive international presence and for still greater support for the Albanian cause in general and the cause of Kosova in particular. The Albanian question is a unique case, one that is highly suitable for demonstrating the superiority of peaceful policies to militarist ones, and of preventive diplomacy to fire-fighting.

Trifling With the Albanians' Patience

Hyseni began the news conference by saying that the general situation in Kosova is becoming increasingly grave, intolerable, and fraught with a real danger of further escalation. The political chiefs in Belgrade are openly and arrogantly abusing not only the Albanians' exceptional patience but also the peaceful efforts of the international community. Official Serbian circles respond to messages of peace by extending further the savage repression that has been used against the defenseless Albanians for years. In the first three months of this year, police repression in many ways exhibited a twofold increase compared to the same period in 1994.

Last week there was an evident tendency to step up the repression, the LDK deputy chairman said. Throughout Kosova there were hundreds of house searches, dozens of arbitrary arrests, beatings, and cases of torture used against innocent people. There were dozens of cases of brutal interventions and interruptions of classes in Albanian schools, several interventions at LDK premises, and cases of harassment and mistreatment of political and charity workers. The political show trial continues in Peje [Pec], and preparations are under way to organize similar trials in other Kosova towns. A number of sporting, cultural, and commemorative events were obstructed and banned. Albanian businessmen and citizens were robbed of their property. These incidents represent only part of the all-embracing repression that is practiced throughout Kosova as part of the official Serbian policy to ethnically cleanse and Serbify the region. The open endeavor of the Belgrade political establishment to turn the conflict in Kosova into interethnic and interreligious strife is especially disturbing. This tendency is evident not only in the successive propaganda campaigns but also in the maneuvers that recently ended in the vicinity of Kline, in which the mock enemy in the military exercises wore Albanian national costumes instead of plain uniforms.

Last week, Hyseni said, there was another murder on the Albanian-FRY border, which is the only remaining border in Europe where people are still killed, as used to be the case in Berlin.

Commenting on the latest situation in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], Hyseni mentioned the political trial of senior officials of the University of Tetova, saying that it had quite properly caused concern and indignation among all Albanians, wherever they may be. To convict rectors and human rights activists means to convict an entire people and, as a result, to turn your state into a prison of the people. We hope that reason will prevail among the Macedonian leadership, that the Albanian intellectuals will be released, and that Macedonian policy will thereby free itself from this dangerous syndrome, Hyseni said. Hyseni congratulated our Albanian brothers in Macedonia for their patience and the dignified political maturity they have shown again on this occasion.

Permanent Interest in Kosova on the Part of the U.S. Administration

Hyseni welcomed the response of Amnesty International, the report of the Swiss Association for Refugee Aid, and the statement by Mr. Kinkel about not forgetting the need for a fair and lasting solution to the Kosova question. He set particular value on the meetings of Dr. Ibrahim Rugova, president of the Republic of Kosova, with Swedish Foreign Minister Lena Hjalem-Wallen and of Dr. Bujar Bukoshi, prime minister of the Republic of Kosova, with Luxembourg Foreign Minister Jacques Poos.

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We consider the visit to Kosova by the U.S. congressional delegation led by Congressman Jim Moran and the permanent interest of the U.S. Administration in the real situation and the course of events in Kosova to be of special importance. The now well-known fact that the Serbian regime is using every means to try to prevent any kind of international presence in Kosova clearly indicates this regime's real intentions in Kosova and its indefensible position.

Ending his comments, Hyseni said that we are watching with particular interest the successful steps taken by the Republic of Albania toward its integration in all important international organizations, and, in this context, particularly welcome the unanimous decision adopted the evening before last by the Political Commission of the Council of Europe's Parliamentary Assembly to admit Albania to the Council. A democratic, stable, and prosperous Albania with a strong international position will be an important and irreplaceable factor not only for a fair and peaceful solution of the unsolved Albanian national question but also for peace and stability in the Balkans.

[Box, p 3]

Media Blackout

For several days in succession it has been impossible to publish BUJKU, the sole Albanian daily newspaper. This is, of course, part of the monstrous aim to smother all sources of independent information in Kosova. Kosova is the only place in Europe where large sums of money are still being spent on jamming the broadcasts of Albanian Radio and Television and maintaining and intensifying the media blackout in Kosova.

The Kosova File Is in The Hague

LDK general secretary Fatmir Sejdiu replied to a journalist who asked how the LDK viewed the announcement by the International Court in The Hague about extending the list of war criminals to include Karadzic, Mladic, and others: Alongside the efforts by the international community to halt the bloody conflict in the former Yugoslavia, we also appreciate the very serious efforts by the International Court in The Hague to intervene directly and to make it known that countries and individuals committing inhuman acts cannot continue to remain unpunished. We also welcome the determination of the International Court in The Hague to convict those who have inspired and given orders for crimes of genocide against mankind.

Fatmir Sejdiu said: We recall that Kosova also did well in sending to The Hague the file on the more than 120 murders that have been committed in Kosova, even though the international community is not at the moment treating Kosova as a place of open military conflict.

Discord With Montenegro of Top-Level Concern

AU0205103295 Tirana KOHA JONE in Albanian 26 Apr 95 p 3

[Article by Jetmir Shpuza: "Friction Between Albania and Montenegro"]

[FBIS Translated Text] Several incidents have disturbed the heretofore tranquil atmosphere between Albania and Montenegro. One not very sensational event last week was the resumption of the trial of Montenegrin citizen Beqir Leshevic, accused of spying for the Yugoslav secret service, and the detention by the Albanian police of a number of residents of the Montenegrin-inhabited village of Boric i Vogel. These incidents were followed by statements by the Montenegrin Foreign Ministry and replies from the prefect of the districts of Shkoder and Malesia e Madhe. Then came the murder of Albanian citizen Kol Ivanaj by the Montenegrin police, the first murder of this kind on the Albanian-Montenegrin border.

We have learned that the recent disagreements have become a matter of top-level concern. Montenegrin President Momir Bulatovic has written a secret and unpublished letter to Albanian President Sali Berisha. According to our sources, the letter uses the incidents at Boric i Vogel as a pretext to raise many problems. The letter claims that the Montenegrin minority living in the districts of Shkoder and Malesia e Madhe are not being treated properly. Bulatovic makes comparisons with the treatment of the Albanians in Montenegro and asks President Berisha to create Serbo-Montenegrin schools and a Serbo-Montenegrin church with a Montenegrin patriarch for the Montenegrin minority in Shkoder. Our sources state that the tone of the letter is not that used at the Berisha-Bulatovic meeting in September 1993. The most recent letter states that it has been prompted by the views of a group of opposition deputies in the Montenegrin parliament.

In an interview with KOHA JONE about seven months ago, President Bulatovic, although he was careful in his responses and stressed the need to improve relations, nevertheless mentioned the problem of the treatment of the Montenegrin minority. The two sides have thus far been careful to avoid friction, also bearing in mind the fact that hundreds of inhabitants of Shkoder go to Montenegro every day and that cross-border trade has been the livelihood of many families in Shkoder and Malesia e Madhe. The deterioration of relations has brought consequences that were felt yesterday and today by many people crossing the border both with and without visas. Albanian citizens have noticed that the Montenegrin police have recently taken a tougher attitude toward them, levying fines and confiscating goods in a way that has damaged their economic interests.

About four months ago, the Shkoder District Council raised the problem of the Morava-Rozafa Association, and obliged it to demonstrate that it had not exceeded its

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responsibilities. However, the matter was left in abeyance so as not to cause further tensions, perhaps to be considered in the near future.

Even in connection with the most recent incidents, citizens on both sides of the border wish to see the problems solved in a spirit of understanding, becausetensions will not do anybody any good. The murder of young Kol Ivanaj shows that it is ordinary people who pay for the consequences of political actions. Therefore, let us hope that politics will find a language of understanding in the near future, if not today.

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German President Arrives for Private Visit

LD0105181295 Berlin DDP/ADN in German 1737 GMT 1 May 95

[FBIS Translated Excerpt] Prague (DDP/ADN)—German President Roman Herzog arrived in the Czech Republic this evening for an unofficial visit. He was welcomed by President Vaclav Havel at Lany castle, the summer residence of the Czech head of state. Havel had invited Herzog for this visit, which is described as private.

The two heads of state are expected to discuss the current tensions in German-Czech relations. The most important issues are Prague's demand for compensation for Czech Nazi victims and the Sudeten Germans' demand for a revocation of the Benes decrees, under which their property was confiscated and they were expelled from Czechoslovakia. The two presidents are expected to hold a news conference on Tuesday morning. [passage omitted]

Herzog, Havel: Victims of Nazism Must Be Compensated

LD0205103495 Berlin DDP/ADN in German 0945 GMT 2 May 95

[FBIS Translated Text] Prague (DPA/ADN)—German President Roman Herzog thinks that the Czech victims of nazism must receive compensation "at all costs." Herzog said today that he fully agrees on this with his Czech counterpart, Vaclav Havel, after talks with Havel in the latter's summer residence in Lany. However, a decision on this is in the hands of the governments and parliaments of both countries.

Herzog arrived in Lany last night on what was described as an unofficial visit. During the talks, about which no further details were given, they briefed each other openly about political plans and intentions. According to Havel, the German president proposed that the two heads of state participate in the work of the joint historians' commission in order to make a contribution to reappraising history in an impartial way. According to Havel, Herzog also assured the Czech Republic of strong support for its joining the European Union (EU) and NATO. Because of its good economic development, Prague will be able to join the EU very soon, Herzog said.

Havel described the talks as "a continuation of the permanent dialogue" with his German counterpart that started in August 1994 at the meeting of European presidents in Alpbach, Austria. They will meet again at the ceremonies in London to mark the anniversary of the end of World War II.

Herzog, who was paying his first visit to the Czech Republic since taking office, laid a wreath this morning at the national cemetery in the former concentration camp at Terezin (Theresienstadt). Afterwards, he returned to Germany via Prague.

Stepan Urges Unity in Communist Ranks

LD0105114195 Prague Radiozurnal Radio Network in Czech 1000 GMT 1 May 95

[FBIS Translated Text] About 300 supporters of the Party of Czechoslovak Communists [SCK: Strana ceskoslovenskych komunistu] gathered at the center of Usti nad Labem [North Bohemia] late this morning. Petr Honzejk reports from the Czech Radio local studio:

[Honzejk] Addressing the May Day rally, SCK founder Miroslav Stepan concentrated on the aims outlined in his party's program. He said the most important issue is to introduce equality between various forms of ownership. This should allegedly turn the state into the largest entrepreneur as well as the largest taxpayer.

Stepan strongly rebuffed the Czech Republic's possible membership in NATO, which he called a certain West European club. He said the Republic's security could be guaranteed by reviving close Czech-Slovak relations [vzajemnost]. The communist leader added that those who do not understand this are beyond help.

The Party of Czechoslovak Communists is said to aspire to unifying the left-wing forces. In this context, Stepan called on the members of the Communist Party of Bohemia and Moravia [KSCM] to switch their allegiance en masse to his party, which has almost 20,000 members. For instance, the majority of the KSCM district committee members in Usti nad Labem, including its chairman, joined his party a few days ago.

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Ethnic Leader Views Hungarian Situation

AU0205094895 Budapest BESZELO in Hungarian 27 Apr 95 pp 21-23

[Interview with Laszlo Gyurovszky, deputy chairman of the Hungarian Civic Party, by Ilona Kiss and Laszlo Nemenyi; place and date not given: "The Majority of People Elect on an Ethnic Basis in Slovakia"]

[FBIS Translated Excerpt] [BESZELO] Our readers knew you as our newspaper's permanent columnist from Bratislava. You have recently been elected deputy chairman for domestic affairs of the Hungarian Civic Party [MOS] in Slovakia. [passage omitted] What will you do as deputy chairman?

[Gyurovszky] [Passage omitted] I would like MOS to represent the interests of 30 to 40 percent of the Hungarians in Slovakia, while remaining a supporter of civic values. In addition, our major goal at the moment is to create a political bloc from forces adhering to the basic rules, which will be able to govern the country after the Meciar government's downfall. Unfortunately, the current opposition includes all kinds of groups from the left wing to the right wing. However, the only way out is through joint opposition to the current government. [passage omitted]

[BESZELO] To what extent are the current Hungarian parties in Slovakia "true" parties? Are they rather national movements and interest representation organizations?

[Gyurovszky] They have turned into real parties in the past six to 12 months. Many people have realized, for example, that the parties actually offer certain career possibilities, even though we are in opposition now. In 1989, only one organized force existed in Slovakia—namely, the Cemadok [Hungarian cultural organization]. However, the three Hungarian parties have by now completely taken over its role, and they actually completely cover the life of the 600,000 south Slovak Hungarians in terms of political organization. They have very many activists and local government representatives and mayors. They can mobilize some 60 to 70 percent of the Hungarians in Slovakia.

[BESZELO] Is it impossible to mobilize politically the remaining 30 to 40 percent? Or perhaps there are some Hungarians who do not believe that their interests can only be represented by Hungarian ethnic parties? The question is particularly acute in MOS's case. How can you adjust the party's liberal policy with being organized along ethnic lines?

[Gyurovszky] We indeed wanted to set up a party in 1989-90 that is organized on a political rather than an ethnic basis. However, by 1992, it became clear that the voters think differently: We did not manage to gain the same support as at the first elections. It seems that, at least in Slovakia, the unresolved ethnic and national minority issues divide society to such an extent that we cannot disregard the ethnic divisions when setting up parties. People do not vote for parties organized purely along political principles; most of them elect on an "ethnic" basis. [passage omitted]

[BESZELO] The new Komarno document could be a starting point, on which it is no longer possible to separately represent private and coalition opinions. Hungarian territorial autonomy either does or does not exist. However, the Coexistence Movement looks upon the demand for autonomy as some kind of national minimum. To what extent can this mean confrontation?

[Gyurovszky] All three Hungarian parties accepted the Komarno theses as a starting point and a negotiating basis. However, they have completely different views on when there might be an opportunity to discuss this with someone in Slovakia. In our view, such an opportunity does not exist now and probably will not exist in the near future. I do not consider it likely for Coexistence to declare autonomy one-sidedly, as is laid down in its document. The autonomy issue can, at the most, be brought up again after the ratification of the Slovak-Hungarian basic treaty.

However, the Hungarian parties have complete agreement on some issues. Since Meciar's coming to power, the issue of the Hungarian schools in Slovakia has suffered very serious attacks, which was unanimously interpreted by all leaders of the Hungarian parties as a rough violation of national identity, while the government sees requests for restoring the most elementary rights as maximal demands. In these circumstances, the effects of the demands have changed: We do not need to shout "autonomy" to make a government official "jump."

For example, the school law has just been approved that completely removes the right to appoint and recall school directors from the authority of councils set up by the local government, the parents, and the teachers, and gives it to the ministry. They are planning to end Hungarian teacher training in Nitra, and the law regulating the introduction of alternative education will come into force in September. This means that certain subjects—for example, geography and history—will have to be taught in the Slovak language even in a Hungarian school. In fact, the school directors can be forced to launch Slovak-language classes. Some 100 million korunas [Sk] have been allocated for this from the budget, while the total amount that can be used for national minority culture has been reduced from last year's Sk140 million to Sk52 million this year. This amount also includes the subsidies for Hungarian-language newspapers. However, it is impossible to get hold of even this small amount: The ministry official does not transfer the money. At the moment, no fewer than six Hungarian-language newspapers are about to cease publication, including good-quality children's

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magazines. The Cemadok received Sk10 million per year in the past; now this is only Sk4.3 million. Half the employees have had to be dismissed.

[BESZELO] Have you experienced any change in the Hungarian Government's national minority policy? For us, it seems that, while the parties have huge rhetorical differences, their official stances are very close to each other, not that they agree to such an extent. The room for maneuver is very small.

[Gyurovszky] We mainly sense the consequences of the changed power structure. Before the elections in Hungary, Miklos Duray treated the Hungarian Socialist Party with a large amount of prejudice and had all sympathy for the Hungarian Democratic Forum [MDF]. This commitment that obviously operated on an ideological, national, and financial basis has now been ended. However, the MDF has also changed: It is also willing to talk to us now that it is in opposition; this was not typical in the previous cycle. The most important change is that, while between 1990 and 1994, in the small room for maneuver, steps were made that were considered anti-Slovak in Slovakia, that generated significant tension, and that harmed our position. I cannot now see similar intentions. [passage omitted]

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Prime Minister, Labor Minister Clash on Reform

WS2804132495 Warsaw NOWA EUROPA in Polish 28 Apr 95 p 2

[Report by "P.P.": "Jozef Oleksy Does Not Share the Labor Minister's Reservations; First Warning"]

[FBIS Translated Text] *"I will not acknowledge the refusal to carry out instructions passed by the Council of Ministers," said Prime Minister Jozef Oleksy on Thursday, referring to the stance taken by Labor Minister Leszek Miller on the government's decision to submit the draft social security reform project for social consultations without formal approval from the Council of Ministers. Miller announced he would not carry out those consultations until the project is given the status of a government act.*

In the opinion of the labor minister, asking social partners to review a project that does not have the formal approval of the Council of Ministers violates a resolution from 1986, which defines the consultation procedure. According to the prime minister, the labor minister's reservations are not well founded as it makes "common sense" to research the opinions of citizens, experts, and opposition centers. Oleksy said that the labor minister's stance is all the more groundless as the draft project raises several questions which Leszek Miller has not answered.

The prime minister stated that the labor minister's reaction is due primarily to his disappointment as the author of a good project for reforming the social security system. "Miller wanted to have the last word," said Oleksy.

Asked about the consequences Miller may have to pay for failing to heed a government decision, the prime minister replied that "there are several procedures followed in such cases in the world."

Considering the stance of Jozef Oleksy, Leszek Miller is unlikely to be successful in his attempts at having the government decision verified. It is also highly improbable that the cabinet will back out of the reform project, as it basically considers its assumptions prudent. Statements issued by the labor minister, however, seem to show that he is expecting the prime minister to make a choice between two variants. The first is the continuation of work on the project, eliminating all disparities, and gaining full approval from the government. The second consists of rejecting the project and making the decision to develop an alternative.

Sejm To Establish Secret Services Commission

WS0205115195 Warsaw RZECZPOSPOLITA in Polish 28 Apr 95 p 2

[Article by Eliza Olczyk and Jan Pilczynski: "Law on Control Over Secret Services Passed; Discouraging the Opposition"]

[FBIS Translated Excerpt] *The Sejm amended its rules on Thursday, thus making it possible to establish a secret services commission. The governing coalition voted in favor of the amendment. Deputies from the opposition were unequivocally against establishing a commission in the form suggested by the commission [not further identified]. The Freedom Union [UW] and the Union of Labor [UP] have no intention of delegating their representatives to the commission.*

A majority of 262 deputies voted for the amendment to the Sejm regulations (114 deputies were against, six abstained), making it possible to establish a commission to control the secret services by issuing opinions on draft laws and resolutions pertaining to the Office of State Protection and the Military Information Services, as well as on their policy targets, budgets, and candidates for their heads and deputies. Parliament members on the commission would have access to state secrets.

The Coalition's Ravenous Appetite

Before the vote, Ryszard Bugaj (UP) called for a recess so that the Council of Elders could meet, on the grounds that the coalition had backed out of an agreement reached on Wednesday.

As we learned from Tomasz Nalecz (UP), members of the opposition parties had agreed with representatives of the coalition (among them Deputy Sejm Speaker Wlodzimierz Cimoszewicz) that the new commission would consist of eight members—four from the governing parties and four from the opposition (as we learned, Jerzy Eysymontt, of the Republican Circle, was to represent the minor parliamentary groupings). The chairman would be a representative of the coalition, and his deputy—from the opposition.

"It was an honest deal," said Tomasz Nalecz. "We wanted to guarantee a balance of powers in the commission not only for now, but also for one year and 10 years from now."

Meanwhile, as it turned out, the coalition backed out of this agreement and rejected the majority of amendments in the vote. Only one amendment was passed, on the basis of which heads of parliamentary clubs or groups comprising no less than 35 deputies will be allowed to put forth candidates to be members of the commission.

The commission is to be made up of seven deputies, at most. Theoretically, four should be from the coalition and three from the opposition. Just as well, however, all seven may be from the Democratic Left Alliance and the Polish Peasant Party because the coalition overruled an amendment providing that representatives from both the coalition and the opposition would sit on the commission. Decisions on the composition of the commission are to be made by the Presidium of the Sejm. The Sejm will pass or override the decision of the Presidium in a joint vote on all candidates. Against [sentence incomplete as published]

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UW and UP stated that, under the circumstances, they will not delegate their representatives to the commission.

"We are not angry," said Tomasz Nalecz. "By giving up the right to take part in the activities of the commission, we want to make the public more aware of the evident arrogance of the coalition, which has more than a ravenous appetite for new offices." [passage omitted]

Situation After Agrobank Bankruptcy Viewed

WS0105123095 Poznan WPROST in Polish 23 Apr 95 pp 36-37

[Article by Andrzej Zybala: "Merge or Die"]

[FBIS Translated Text] *The 16,500 people who kept their savings in Agrobank will most likely lose 520 trillion zlotys [Z]. Twenty-one cooperative banks that deposited Z50 billion in Agrobank are also threatened with bankrupcy. The following state-owned institutions will lose Z600 billion: the State Insurance Bureau (PZU), employment agencies, the Rural Social Savings Bank, and the State Fund for the Rehabilitation of Disabled Persons. In total, 23,000 Agrobank creditors will be unable to recover over Z2.17 trillion.*

As a result of the suspension of Rolbank activities, 18,000 bank accounts have been blocked. It is not certain whether Animex Bank, holding deposits worth approximately Z1 trillion, will be able to avoid bankruptcy. Many thousands of accounts in cooperative banks will be lost. Seven thousand deposits have been blocked in Opalenica; bank losses there are estimated at almost Z30 billion. Banks and businesses have lost Z180 billion in the cooperative bank in Szczaniec.

"For many clients, the loss of their savings means that they have to start over again," Bogdan Kokoszka from Agrobank told us. "Of the 6,500 businesses with deposits totaling Z300 billion that are blocked in any of the 17 branch offices and 14 remote branch offices, many will either stop business activities or have already done so." Agrobank also has several thousand pension-type deposits. These bank accounts have usually served to supplement the modest pensions or disability compensations of people who were compensated for war crimes, including forced labor in the Third Reich.

Possibly the hardest hit clients of the bank will be those in Warsaw, where 2,500 bank accounts were serviced, their worth totaling Z420 billion. In Lublin, Z70 billion was deposited in 3,600 accounts and in Opole, Z36 billion in 1,200 accounts. Experts believe that...

Agrobank's Downfall Will Have a Negative Effect on the Financial Potential of the Greater Poland Region

After the fall of Posnani, Rolbank, Animex Bank, and several cooperative banks, the closing down of Agrobank may cause new repercussions in the region, most likely leading to the bankruptcy of a few Greater Poland cooperative banks that deposited several dozen billion zlotys in Agrobank.

Signs of "ailing" of other banks are already visible. Last year, losses were recorded for the second time, totaling Z1.5 trillion. Cooperative banks, with a business volume of Z30 trillion, were in the most difficult situation. The position of nine commercial banks that emerged in 1989 out of the NBP [National Bank of Poland] has remained stable. Their sound financial condition is primarily a result of additional financing from the state budget with bonds worth Z12 trillion. It is noteworthy that one in five of the larger banks failed to respond to a survey conducted by RZECZPOSPOLITA designed to establish a ranking list of top Polish banks. Experts claim that banks may have withheld disclosing information to hide their losses.

The insolvency of banks has triggered shock waves in many public institutions. In the Opole tax office, salaries and bonuses were not paid on time because of blocked bank accounts at Agrobank. The National Environment Protection Fund was unable to pay a subsidy for an important ecological investment, bringing work to a halt. Several plants with special "endangered work" status that entrusted their money to that bank are also experiencing severe problems. One of Poland's largest disabled persons' cooperatives, with 500 employees, is running the risk of going bankrupt. At the end of 1994, an NBP representative informed a commission of the Sejm that...

Thirty-Six Cooperative Banks Had Lost Z73 Billion as a Result of Bankruptcy or Suspension of Operations

Another Z11 billion has been deposited by self-governments in 22 banks that are currently in a difficult financial situation.

The management of Agrobank claims it would cost substantially less to restore the bank's condition than to settle creditor claims. However, to make that possible, creditors would have to agree to a three-year freeze on their deposits. In this three-year period, the NBP would have to relieve the bank of its obligation to reallocate a so-called reserve amount on its account. A strategic investor would be needed, as well, to buy bonds issued by the bank for a value of Z500 billion at a minimum. Because of the bank's insolvency, only 10 percent of all creditor claims can be covered from the bank's accounts. It is estimated that the costs of closing down the bank will amount to Z230 billion. In the opinion of Agrobank employees, the Bank Guarantee Fund will be forced to pay between one-half and Z1 trillion in compensation, with costs continually rising, because bank deposit owners subdivided their accounts into smaller subaccounts to minimize their losses.

In approximately the past two years, the central bank has not come to the aid of banks that have hit the ground hard. Earlier, in the case of a few banks, the NBP either became the strategic investor (of Prosper Bank, for

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instance) or offered very favorable financial terms to the purchaser of the bank (as in the case of Lodzki Bank Rozwoju). Experts say that it is precisely the NBP that is responsible for the appearance of dozens of small banks on the market, whose problems have undermined trust in the entire system. Bank supervision, conducted within the central bank's scope of activities, has also raised doubts. It is widely believed that, if supervision is to be truly independent, it must be run from outside the NBP. Jerzy Osiatynski, finance minister during Hanna Suchocka's premiership, is convinced that the NBP could have introduced commissary management of the BGZ Bank, pulling it away from political influences. It, however, balked at the financial reponsibility.

According to Professor Zbigniew Krzyzkiewicz, former president of the PKO SA Bank, the central bank is unable to prevent the collapse of banks because bank supervision does not have the instruments for "scanning" all banks. Their weakness is poor effectiveness in claiming receivables from unreliable borrowers. When claims are advanced, in their settlement, tax offices, for instance, receive priority over banks. Krzysztof Pietraszkiewicz, director general of the Association of Polish Banks, has said that...

It Would Very Much Help Banks Threatened To Have Regulations Changed To Facilitate Their Takeover by Well-Functioning Businesses

The Finance Ministry could, for example, allow these thriving companies to include expenses related to a takeover in their costs. For the moment, regulations concerning the Bank Guarantee Fund do offer some hope. The Fund will be able to be involved in restructuring banks threatened with bankruptcy, especially when the costs of rectifying their condition are recognized as being lower than the costs of closing down the bank.

Balcerowicz Predicts Reduced GNP Growth

95EP0070C Poznan WPROST in Polish No 10, 5 Mar 95 pp 13-14

[Interview with Leszek Balcerowicz, former finance minister, by Krzysztof Golata; place and date not given: "A Strategy for Inflation"]

[FBIS Translated Text] [Golata] Economists claim that the economy is paying for "the war at the top." How real is the threat that the effects of the transformation may be nullified?

[Balcerowicz] This cannot be expressed with the aid of exact numbers, but it can be viewed as a major peril. A strong relationship exists between disturbances on the political scene and price and money trends. Political instability may also impede the needed institutional reforms, many of which still continue to hinge on the government's decisions. I am thinking here chiefly of privatization and of reforms in the budget sphere and social insurance. Politicizing these issues may halt the process of resolving them. Political instability complicates the process of reducing inflation. In this connection, I do not believe that the dangerous price rises in January 1995 should be ascribed to politics alone. To a large extent, they are due to unfortunate moves in economic policy; in particular, to a loosening in wage discipline. Still, we shall pay for disturbances on the political scene with a slowdown of the economic growth rate compared with what we could have achieved in the presence of orderly politics.

[Golata] Is the nearly 4-percent inflation last January the first consequence of populist governance by leftist parties?

[Balcerowicz] Some causes of inflation cannot be linked directly to the economic policy of recent months. Last year we achieved extremely good results in foreign trade. The faster growth rate of exports has resulted in the appearance on the market of greater quantities of foreign exchange traded for zlotys, and thus, also in growth of demand. This trend could not be offset by use of monetary policy. I also perceive a relationship between the economic policy of the current government and high inflation. In 1993 the current governing coalition tried to win popularity with the populist slogan, "Away with the Discrimination Against the State Sector!" This resulted in wage increases late in 1993 and early in 1994. The subsequent wage controls proved practically ineffective, contrary to the preelection promises. We paid with price increases for the faster wage increases. During the same period, instead of accelerating privatization, the slogan of mass commercialization began to be launched, which in my opinion should not a priority of the government's economic policy. I fear that restructuring, (in the mining industry, for example) is proceeding too slowly.

[Golata] Another reason for the slowdown in the decline of inflation is the countervailing fees introduced in the second half of 1994.

[Balcerowicz] The higher level of food prices was to some extent due to the countervailing fees. Moreover, I fear that the agencies supposed to stabilize the agricultural market actually are destabilizing it. This exemplifies the consequences of the takeover by the producer lobby of the institutions established to protect the interests of producers and consumers.

[Golata] What are the reasons why the Pawlak cabinet did nothing even after, as early as in mid-1994, research institutes revealed the unrealistic nature of the government's forecasts for inflation in 1994?

[Balcerowicz] This question should be posed to the framers of economic policy. Perhaps full information was unavailable. If I were in their shoes, I would stop accusing their predecessors of vagueness.

[Colata] Who is combatting inflation more effectively? The chairman of the National Bank of Poland [NBP], by

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raising interest rates, or the minister of finance, by introducing the so-called anti-inflationary package?

[Balcerowicz] First of all, let me say that the Finance Ministry's attack on the NBP is not contributing to a decline in inflation. The heads of the Finance Ministry proclaim an exotic theory according to which the principal causative factor in price movements is inflationary expectations, which in their turn are shaped chiefly by the level of interest rates. Such assumptions are highly dubious. After all, the level of inflation depends chiefly on the money supply, structural reforms, the rate of wage increases, etc.

[Golata] Should the NBP retain full autonomy when deciding on the interest rates?

[Balcerowicz] If it were not autonomous in that respect, I do not know what its independence as a central bank would consist in. Autonomy does not preclude informal consultations. While I was minister of finance, I had no problems in cooperating with Professor Baka, the chairman of the NBP at the time. Our aims were the same. But that requires a suitable mode of being and unity of views.

[Golata] In raising interest rates and reducing the pace of zloty devaluation the heads of the central bank claim that they are reducing inflation.

[Balcerowicz] Both decisions are of an anti-inflationary nature. Reducing the pace of devaluation means reducing the power of the inflationary momentum. That is because devaluation increases the prices of imported goods. Raising interest rates should prompt consumers to save more and thereby also to reduce inflationary pressures. But both decisions must be accompanied by budgetary and wage discipline, and that depends to a large extent on political factors.

[Golata] Our economic performance in 1994 was largely due to the economic recovery of Western countries and to the decisions of the preceding Polish governments. In your opinion, when can we expect the consequences of the actions of the present government to become tangible?

[Balcerowicz] In the next few years. I am not claiming that an economic collapse is bound to occur in 1996, but I fear that we may witness an economic slowdown. I think that the postponement of certain decisions means that the annual GNP growth rate will be four rather than five or six percent.

[Golata] The Pawlak government is being chiefly accused of halting mass privatization.

[Balcerowicz] Prime Minister Pawlak delayed consenting to the commencement of mass privatization as long as he could. I fail to see any sensible political rationale for his doing so and I simply cannot understand why he had refused to affix his signature for six months. As a result, privatization proceeded only in the domains in which it was not dependent on the decisions of the highest government officials. Also impeded, in addition to privatization, was the expansion of the autonomy of local governments. I have the impression that any changes intended to distinguish the system emerging after 1989 from its predecessor were blocked.

[Golata] The sluggish pace of privatization is also discouraging Western investors, who have by now ceased to believe in the stability of the Polish economy.

[Balcerowicz] I would view as an early warning signal the slowdown in the influx of foreign capital in 1994. This is largely due to obstacles placed by the Polish side. Under the slogan of the existence of so-called strategic domains, the access of foreign investors to the energy industry, where substantial outlays on modernization are needed, is being blocked. Yet commitment by foreign capital should be increasingly greater, because it entails an influx of high technology and modern management techniques.

[Golata] Professor, let us assume that you are the economic boss in a government which has the support of two-thirds of the parliament. In what direction would your reforms proceed?

[Balcerowicz] I would consider as my paramount goal the creation of the largest possible number of productive new jobs. To accomplish this, privatization should be accelerated and the budgetary sphere reformed in order to reduce taxes and spending. The ratification of GATT will eliminate protectionist and monopolistic practices. The domains in which attempts have recently been made at monopolization should be decentralized. The promotion of flexible and good labor relations should be initiated, so that employers and employees would guide themselves by the interests of the enterprise, that is, by the interests of creating a growing number of increasingly productive jobs. I have always tried to adhere to my program guidelines and win over the greatest number of supporters. People should be won over to one's policy instead of fighting on all fronts.

[Golata] Now that a new government is to be formed, the issue of reforming the central government administration is resurfacing.

[Balcerowicz] I fear that this issue is variously interpreted. To me this is not a reform of the central government but a reform of the government with the object of depoliticizing economic and societal life. Above all—and with the aid of accelerated privatization—the extent to which partisan politics can intervene in the economy should be limited. The current governing coalition has blocked the introduction of an apolitical and professional civil service. In addition, a new impetus for the reform of local governments is needed. The new constitution, once ready, should, in my opinion, settle relations between the economy and the society. It should include a provision strengthening the position of the central bank while at the same time obligating it to pursue a

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monetary policy promoting the stability of the zloty. I believe that the constitution should also regulate the role of the Antimonopoly Office, whose activities should cease to be impeded by the current government.

[Golata] The impression may arise that to many politicians the reform of the central government reduces to combining central agencies into superministries.

[Balcerowicz] Such measures have little sense, because they focus energies on secondary matters. Several ministries have already been merged only to be subdivided several years later. The attendant reorganizational costs greatly exceed the benefits.

[Golata] Does your joining the Freedom Union mean that you intend to be active in reforming the central government?

[Balcerowicz] I have always believed that the Freedom Union has a huge role to play in reforming the government and the economy and in properly husbanding the extent of liberties which we won after 1989.

Goryl Could Be World-Beater on Tank Market

MM2704135495 Wroclaw SLOWO POLSKIE in Polish 19 Apr 95 p 3

[Article by Jacek Podoba: "The Tankmen and the Goryl: Which Vehicle Will Take Us Into NATO?"]

[FBIS Translated Text] As we have been told unofficially, the Goryl occupies third place on the list of the Polish Republic's strategic armaments priorities. At least 6 trillion old Polish zlotys are needed to release the Goryl for training-ground trials. So far, the Scientific Research Committee has offered the armaments industry only several hundred billion zlotys to finance the project. Specialists believe that, in the world armaments markets, the Polish Goryl could well overtake even the German Leopard.

The idea of rolling into NATO aboard the Goryl, a third-generation tank of an entirely Polish design, was born at the Bumar-Labedy Engineering Plant Research and Development Center. In the middle of last year, the work on the Goryl was classified. An official statement declared that Western intelligence agencies were showing an interest in the prototype Goryl tank. At the same time, certain top-rank officials at the National Defense Ministry began to question the advisability of proceeding with the development of the Goryl. The principal objections were based on the financial argument because it was pointed out that only the world's richest countries decide to make their own tanks. There is also the risk that the Goryl would merely represent an admittedly creative but nonetheless extremely costly continuation of the T-72, which is made in Poland under Soviet license.

Such a continuation is the PT91 Twardy, which, according to earlier claims by experts from Bumar-Labedy, should have been a match for the world's leading tanks. At present, our Army can afford to buy only 10 Twardys a year, and it should be pointed out that the faults identified in these tanks in the course of trials occur in virtually every basic system found in this class of combat vehicle. It is not inconceivable that soon the entire power train in the Twardy will have to be replaced.

In addition, the Goryl's opponents argue that neither Russia nor any of the NATO countries intends to introduce any new tank models into series production before the end of the century because large-scale ground warfare involving armored vehicles is already a thing of the past. Only the Brazilians have decided to go ahead with tank manufacture, and NATO experts are already deriding Brazil's Osorio as "the poor man's third-generation tank."

Perhaps the Goryl's high position on the list of our defense priorities reveals Poland's closer proximity to Brazil than to NATO.

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Iranians With Forged Israeli Passports Arrested

TA3004125895 Tel Aviv IDF Radio in Hebrew 1000 GMT 30 Apr 95

[Studio chat with political correspondent Udi Segal by anchorman Netan'el Semrik—live]

[FBIS Translated Excerpt] [Semrik] Twenty-one Iranian citizens have been arrested at the Romanian-Hungarian border in possession of forged Israeli passports. Our political correspondent Udi Segal is here in the studio with the details.

[Segal] Good afternoon.

[Semrik] Is this just a strange story or a case of espionage?

[Segal] This requires further investigation. The Foreign Ministry has given the details of the Romanian affair to the Mossad, Interpol, and the Interior Ministry. Until now, the Foreign Ministry in Jerusalem has only received the following details: A group of 21 Iranians were arrested near the Romanian-Hungarian border city of Oradea after presenting forged Israeli passports at the border checkpoint. The Romanian authorities noticed that the photographs in the passports had been changed and that the pressure seal did not match the Israeli Government's official imprint. During their interrogation, the Iranians said they had bought the passports in Turkey for $500 each. The Romanian Police apparently suspect that the Iranians purchased the counterfeit documents inside Romania. No additional details have been reported to the Israeli Embassy in Bucharest. The fact that there are 13 children among the 21 Iranians may indicate that this is a group of illegal workers in search of employment in Europe. However, all these possibilities are still being examined by the aforementioned authorities. [passage omitted].

Parliamentary Control Over Secret Services Viewed

AU0105193995 Bucharest VOCEA ROMANIEI in Romanian 21 Apr 95 pp 1-2

[Interview with Vasile Vacaru, senator of the Social Democracy Party of Romania, by Adela Dinica; place and date not given: "Senator Vasile Vacaru Pleads for Parliamentary Control Over Intelligence Activity"]

[FBIS Translated Excerpt] [Dinica] Senator Vasile Vacaru, the commission you chair, namely the Standing Joint Commission of the Chamber of Deputies and the Senate for Controlling the Activity of the Romanian Intelligence Service [SRI], has been in the limelight of late, following your recent meeting with President Ion Iliescu [on 17 April] and your rather spectacular proposal to place all the secret services in Romania under parliamentary oversight. What made you take this initiative?

[Vacaru] The joint parliamentary commission for control of SRI activity has been functioning for two and a half years, on the basis of a decision taken by the Romanian Parliament. This period has been a fantastic experience, since in practice we broke new ground in the extremely delicate matter of parliamentary control over the secret services. This has been a process of mutual education both for us commission members and the SRI leadership. On the other hand, in the last two years we have also managed to forge an informed opinion about the entire Romanian intelligence community, and to identify a number of malfunctions and gaps in the legislation governing the functioning of the different secret services. Well, this accumulated knowledge prompted us to seek an interview with President Ion Iliescu, who, by virtue of his prerogatives, is also the head of the country's Supreme Defense Council. The public at large has been informed about the subjects discussed at Cotroceni presidential palace.

First of all, we talked about the need for better cooperation among the secret services. In this respect, we suggested setting up a new structure, an interdepartmental intelligence committee. Second, proceeding from our commission's experience, we asked the president to examine the possibility of setting up a parliamentary commission for intelligence work.

[Dinica] Might the first proposal—on coordinating the activity of all secret services—have been motivated by certain rivalries existing among these institutions, rivalries often mentioned in the press?

[Vacaru] We should realize that such rivalry and tensions among institutions can be found all over the world. [passage omitted] Often secret services tend to exceed their spheres of material and territorial competence and begin treading on one another's toes. This is an almost natural tendency, so to speak. However, it is important not to go beyond a critical point when rivalries and tensions can even jeopardize the operational capability of the respective institutions in the national security sphere. Therefore, the creation of a superstructure is particularly important. We must lay the foundation of an integrated concept for the national intelligence activity in which all sections—that is: the various services with such prerogatives—should operate as a whole, in an combined manner.

I should point out very clearly that we do not aim to create a new structure, with its own apparatus and budget, that will overlap the structures already existing in this field. We merely suggest setting up an intelligence committee that would reunite the leaders of the various intelligence services. This committee would be responsible to the Supreme Defense Council. [passage omitted]

[Dinica] The idea of placing all services under the control of the commission you head has already aroused much controversy. Some people even claim that this amounts to a concentration of power that would inevitably tilt the balance in favor of one of the services, which will thus gain the upper hand.

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[Vacaru] [Passage omitted] A joint parliamentary commission on intelligence activity would see to it that the material and territorial competence of the various services is strictly observed. As it would have an overall view of the total intelligence activity, the commission would be in a position to allocate resources better—that is, to use the public assets better. Last, but not least, it would thus promote a uniform legislation and better meet the requirements of the Parliamentary Assembly of the Council of Europe in this sphere. [passage omitted]

The SRI commission does not involve itself in day-to-day activities. It has very clear prerogatives: to ensure that the budget allocations under the various headings are observed; to check the grounds for and legality of requests and authorizations for temporarily limiting the exercise of certain civil rights and freedoms; to ensure that the secret services observe the existing legislation, and so forth. Those who believe that the members of the commission stand to gain some political advantage from their activity are wrong. [passage omitted]

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Akashi: Serbs Still Reneging on Sarajevo Airport

AU0105144395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 May 95

[FBIS Translated Text] Ejup Ganic, member of the Bosnia-Herzegovina Presidency and vice president of the Bosnia-Herzegovina Federation, led today the Bosnia-Herzegovina state delegation that again received UN special envoy Yasushi Akashi for the second time in two days. Apart from Ganic, the delegation consisted of Minister Hasan Muratovic; Muhamed Sacirbegovic, Bosnia-Herzegovina ambassador to the United Nations; Mustafa Hajrulahovic, representative of the Bosnia-Herzegovina Army General Staff; and (Vasil) Topcagic, Bosnia-Herzegovina Foreign Ministry secretary.

I can tell you that I had constructive talks with Dr. Ganic and his associates this morning. Dr. Ganic will tell you in more detail what the position of the Bosnia-Herzegovina Government is. I have received assurances that the Bosnia-Herzegovina side will exercise maximum restraint regarding any offensive operations, and I have no doubt that they will honor this commitment fully, Akashi stated, adding that he held talks with Karadzic in Pale yesterday on the issue of the Sarajevo Airport.

Unfortunately, I have to inform you that we have not managed to persuade them to agree to the resumption of the humanitarian flights and UNPROFOR [UN Protection Force] flights in accordance with the agreement of June 1992. My colleague Mr. Aguillar is in Pale at the moment, where he is holding talks with Koljevic on [word indistinct]. Our efforts in trying to solve this problem will continue. [Words indistinct] the situation on Mt. Igman and the measures for improved security conditions for the freedom of movement for the Bosnia-Herzegovina citizens. All in all, we had very useful talks, in which we informed each other of our tasks and the possibility of future cooperation, Yasushi Akashi said following the talks in the Presidency of the Republic of Bosnia-Herzegovina.

Ejup Ganic said that the talks concerned the analysis of the situation over the previous period.

We have noticed that Karadzic's Serbs have not observed the agreement on the cessation of hostilities, since they launched an attack on the safe zone of Bihac as the agreement was signed, and that attack has not yet ceased. You know that [words indistinct]. Meanwhile, the strangulation of Sarajevo continues. The aggressor is resorting to various kinds of terrorist actions to obstruct the normal functioning of Sarajevo Airport. As you have heard from Mr. Akashi, they are not observing the agreement on the functioning of the airport from June 1992. We are very concerned about the situation. We hope that the Contact Group will soon manage to [words indistinct] of the diplomatic activities and the visit to the capital cities in the region. We hope that the Contact Group will manage to convince our neighbors to recognize Bosnia-Herzegovina, and thus [words indistinct] much more than a mere cessation of hostilities agreement.

We have warned Mr. Akashi that we will exercise maximum restraint with regard to all operations, but we will also try to protect our population. We will continue to cooperate with the Contact Group, the Security Council, Mr. Akashi, and his associates to find a solution that will bring peace and prevent the strangulation of Sarajevo, which, as you know, has been intensified over the last four weeks, Ejup Ganic said.

UN Envoy Presents 'Three Points' of Concern

AU0105154095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 May 95

[FBIS Translated Text] After his talks with Yasushi Akashi, Muhamed Sacirbegovic, Bosnia-Herzegovina ambassador to the United Nations, presented three points: The situation at Sarajevo airport, on Mt. Igman, and the latest aerial attack [word indistinct], over which Bosnia-Herzegovina would undertake certain activities in the UN Security Council.

The first issue concerns the closing of Sarajevo Airport. We agreed with Mr. Akashi that for the time being, we would [word indistinct] the present efforts [words indistinct]—that is, that we would not insist on the Security Council passing a presidential statement. However, if his efforts do not produce adequate results within a certain period, then we will ask the Security Council to take a firm stand and pass a relevant resolution. We believe the Security Council should be completely involved in this issue.

Second, as for yesterday's aerial attack on Bihac from Udbina Airport, we believe that there are relevant mechanisms and resolutions—that is, that a mandate exists for an adequate response. NATO and UNPROFOR [UN Protection Force] on the ground should initiate the response, as it is clear that the attack was launched from Udbina Airport. I honestly think that it is a bit strange that an airport, which only several months ago was neutralized by NATO, is now again being used as a base for attacks on the safe zone of Bihac, and possibly for attacks on the UN troops on the ground. Of course this is also in violation of the Bosnia-Herzegovina state border and its airspace, the Bosnia-Herzegovina ambassador to the United Nations said, showing part of the 82-mm mortar that was fired at the Mt. Igman road, blowing away the legs of one elderly woman. He said: The situation on the Mt. Igman road is untenable. It is possible that she would have died of her injuries had we not come along and given her assistance. The way I see the situation, the Mt. Igman road has to be opened since it represents the lifeline for Sarajevo and is within the exclusion zone.

Talks on Sarajevo Airport Fruitless

LD0105163795 Belgrade SRNA in Serbo-Croatian 1358 GMT 1 May 95

[FBIS Translated Text] Sarajevo, 1 May (SRNA)—Today's meeting in Pale between representatives of the

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Srpska republic and UNPROFOR [UN Protection Force], who discussed conditions for opening Sarajevo Airport, has ended without results. President of the assembly Momcilo Krajisnik and Srpska republic vice president Nikola Koljevic, who also presides over the State Committee for Cooperation with UNPROFOR, reiterated their earlier stands during their talks with Enrique Aguillar, head of the UN Civilian Sector, and stressed that the original agreement on using Sarajevo Airport is untenable.

In the talks, conducted behind closed doors, we have learned that representatives of the Srpska republic listed a number of examples of how Sarajevo Airport has been abused by both the Muslims and "the Blue Helmets."

Following the talks in Pale, Aguillar left for the Muslim sector of Sarajevo.

Serbs Down Croatian Jet East of Gradiska

LD0205105895 Belgrade TANJUG Domestic Service in Serbo-Croatian 1016 GMT 2 May 95

[FBIS Translated Excerpt] Banja Luka, 2 May (TANJUG)—The headquarters of the 1st Krajina Corps of the Army of the Srpska republic has announced that the Srpska republic's air defenses downed a Croatian MiG-21 this morning five kiolmeters east of Bosanska Gradiska.

Parts of the aircraft fell on the territory of the Srpska republic in the River Sava. According to the latest report, the pilot also fell into the Sava, a statement says.

Croatian forces are still attacking Bosanska Gradiska with artillery from the territory of the Republic of Croatia. [passage omitted]

Croatian Attack on Bosnian Serb Area 'Unprovoked'

LD0105154095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1458 GMT 1 May 95

[FBIS Translated Text] Belgrade, 1 Apr (TANJUG)—The information service of the general staff of the army of the republic of Serb Krajina announced today that in the course of armed activities against Western Slavonia this morning the Croatian Army also opened fire on the Kozarska Dubica, Orahovo, and Gradiska areas in the Srpska republic, launching about 50 destructive missiles and artillery projectiles.

A statement, despatched to TANJUG, notes that by launching this attack Croatia "committed an act of totally unprovoked aggression against the Srpska republic," and stresses that these operations claimed casualties and caused a great deal of material damage.

Two civilians, including a child, were killed in today's artillery attack on Gradiska on Sava [Bosanska Gradiska]. One civilian suffered serious wounds while a large number of civilians were slightly injured, a TANJUG correspondent has learned from Serb military sources in Banja Luka.

Shelling of Bihac 'Suddenly Decreased'

AU0205100795 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 2 May 95

[Report by Muhamed Mulic from Bihac]

[FBIS Translated Text] The intensity of shelling with the artillery used by the joint [Bosnian Serb and Croat Serb] aggressors on the defense lines of the 5th Corps of the Bosnia-Herzegovina Army, has suddenly decreased, following yesterday's action by the police forces in Croatia around the Zagreb-Belgrade highway. This clearly shows that [Milan] Martic's chetniks [word indistinct] (?redirected) a part of heavy weaponry used in the battles with the 5th Corps toward the zones of conflict with the Croatian units.

Provocations with snipers were registered around the protected zone of Bihac and from [words indistinct] of the so-called Serbian Krajina. Mortars were fired on the outskirts of the Bihac Municipality. As for the region of Bosanska Krupa, Grmusa-Srbljani Plateau, and Grabez Height, it is somewhat calmer than it has been during previous several days, but the enemy is carrying out provocations with sniper fire and small arms today as well.

Ganic Views Cease-Fire, Possible UN Withdrawal

AU0205100695 Cologne Deutschlandfunk Network in German 0615 GMT 2 May 95

[Telephone interview with Ejup Ganic, Bosnia-Herzegovina Federation vice president, by Peter Kapern on 2 May; Ganic answers in English, with superimposed German translation—recorded]

[FBIS Translated Text] [Kapern] I spoke with the vice president of the Bosnian-Croat Federation, Ejup Ganic, before this broadcast. My first question was why all the parties to the conflict are staking all on the military card, instead of extending the cease-fire.

[Ganic] Your assumption is wrong. We are searching for peace. We have accepted the Contact Group peace plan, whereas Karadzic's Serbs have not. They want to keep the occupied territories. They want to control 70 percent of Bosnian territory. We are not at all forced to capitulate. However, we do not want new fighting either, because we do not have enough weapons. Nor are we ready to legalize the occupation of our country.

[Kapern] Will there now be a comprehensive outbreak of fighting everywhere in Bosnia and Croatia, in Krajina?

[Ganic] Well, everything depends on the aggressor. As you know, the Serbs killed numerous civilians in Krajina who were travelling on the highway from Zagreb to Belgrade. They killed innocent people indiscriminately.

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So what do you expect to happen? Do you expect us to remain inactive and accept the Serb occupation indefinitely? We are able to offer resistance, but I do not expect the war to expand, simply because our Bosnian Army does not have enough weapons. We can only defend ourselves, that is all.

[Kapern] The Bosnian Government has announced new efforts to bring about an end to the arms embargo against Bosnia-Herzegovina. Why should it now be successful even though it never was previously?

[Ganic] Well, the international community promised that if Karadzic's Serbs do not accept the international peace plan, the only option left would be to lift the arms embargo against Bosnia-Herzegovina. So if Karadzic rejects all the international community's proposals, what is left? The only thing left is to lift the arms embargo and to allow our army to liberate the occupied territories and our people.

[Kapern] Can your army win the fight against the Serb militia without the embargo being lifted?

[Ganic] Well, if the embargo is lifted, we will be able to strike back. If the embargo continues, we can only defend ourselves against the Serb attacks. We can do this indefinitely. We will never give up. We have defended ourselves for three years now, and we are stronger now than we were in the beginning.

[Kapern] Mr. Ganic, the Netherlands and Great Britain have announced the withdrawal of their Blue Helmets from the front line, France and Russia have even announced the total withdrawal of their UN soldiers if the cease-fire is not extended. Are you now expecting the withdrawal of the UN Blue Helmets?

[Ganic] We do not know. We do not control the Blue Helmets. However, there are many countries that have an interest in sending troops here if they are needed. We can do nothing if certain countries, for domestic or whatever reasons, decide to pull out their troops. But, as I said, many countries are ready to send troops because they still feel it is their duty toward the United Nations. Fortunately, many countries still support the United Nations—countries that still believe in common defense and the UN structures. As I said, we cannot control the governments that are considering withdrawal. So far, however, they have only threatened withdrawal.

[Kapern] How would you assess a possible French and Russian withdrawal?

[Ganic] Whatever they are doing, they cannot force us to accept the Serb occupation. If they ask us to pay such a price, they must decide on the withdrawal of their troops. The troops in our country are UN soldiers—not French or Russian troops. We have asked the United Nations for support, and that is why the problem of their stay or withdrawal must be discussed in New York. We will not accept the Serb occupation only to make life easy for the French and Russian troops.

[Kapern] The Contact Group has announced a new proposal. Can a new peace proposal for Bosnia-Herzegovina differ from the current peace plan?

[Ganic] All we know is the Contact Group's current peace plan. That is the plan to which we have agreed. We do not have any other information.

[Kapern] Could you imagine agreeing to another plan?

[Ganic] I do not want to speculate now. We could agree to a better plan if it were submitted. But the peace plan that we have accepted is a reward for the Serb aggression. We have gone to the bottom line. We cannot go any lower.

Owen Fears 'Big Battle' With Cease-Fire Ending

AU2804163095 Paris AFP in English 1617 GMT 28 Apr 95

[FBIS Transcribed Text] Belgrade, April 28 (AFP)—A pessimistic Lord Owen, the European Union (EU) mediator on ex-Yugoslavia, said Friday he feared a "big battle" in Bosnia where an extension of a four-month old cease-fire was "extremely unlikely."

"The danger is that there will be another big battle and the Bosnian Serb army will seek to counter-attack," Owen told reporters in the Serbian capital.

"I always hope for miracles but I don't really believe in them and I think it's extremely unlikely to get an agreement," Owen said. He said Bosnian Serb forces wanted to counter-attack, particularly in response to the attack "which the Bosnian Government launched around Tuzla and we'll see a fairly major fight as we saw in Bihac."

Asked about the possibility of Serbian President Slobodan Milosevic recognising Bosnia-Herzegovina, Owen said: "All we can say at this moment is there is a dialogue going and we'll have to wait and see." Recognition of Bosnia-Herzegovina and Croatia by Belgrade is one of the conditions laid down by the five-nation "Contact Group" for an immediate easing of sanctions against the rump Yugoslavia (Serbia and Montenegro). The Serbian president has so far refused to recognise the two former Yugoslav republics.

But the EU mediator indicated that cracks were appearing in the Bosnian Serb leadership, a development he considered as "extremely important." "We saw for the first time a quite open difference of opinion between the political leadership and the military leadership" during a meeting of the self-proclaimed Bosnian Serb "parliament" in the northeastern Bosnian town of Sanski Most earlier this month.

Serbs Take Strategic Position in Crni Vrh

LD0105140595 Belgrade SRNA in Serbo-Croatian 1257 GMT 1 May 95

[FBIS Translated Text] Jajce, 1 May (SRNA)—Units of the 1st Krajina Corps of the Serb army liberated Demirovac, a position overlooking the strategically important Kupres gate.

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The Serb army brought another strategically important position, Crni Vrh, under its fire control. It is now partially encircled. The Koprivnica valley and the road between Kupres and Bugojno through the Kupres gate is also within firing range. Having lost Demirovac, the Muslim formations supported by Croatian artillery unsuccessfully attempted to make an infantry foray through the newly established Serb lines.

Assessment of Srpska Republic Economic Situation

AU0105080595 Belgrade NASA BORBA in Serbo-Croatian 26 Apr 95 p 6

[Article by Tanja Jakobi: "Strategic Interests: Defense and Agriculture"]

[FBIS Translated Text] Banja Luka—In Yugoslavia, it is hard to find as many, and as luxurious, petrol stations as there are to be seen along the corridor that connects Serbia with the Srpska republic [RS]. Some of them have been hired, others are privately owned. "An incautious weakening of tax policy, which the state allowed to happen, definitely moved petrol from state-owned firms into private hands," Rajko Tomas said.

The dinar is still the official currency in the Srpska republic, but on the local radio the prices of, for example, fertilizer, are, without any hesitation, given in German marks. The governor of the National Bank of the Srpska republic made an unexpected decision a few days ago: He decided that checks should be introduced into the financial system in the future. Both experts and laymen judge this to be a meaningless measure, because, even if checks are imposed upon state-owned companies as a means of paying wages, nobody will be able to buy anything with them, since the supply sector is almost completely in the hands of private owners.

"Private firms have proved to be considerably more efficient in supplying the Srpska republic with goods, but that is primarily the result of their readiness to undertake noninstitutional business methods. This private capital has, to a great degree, been created by avoiding state taxes—a conclusion that can easily be reached when one checks the budget," Milan Ivanic says.

In the course of last year, the state managed to meet only a half of the needs of the budget users, and this year a far worse situation is expected. According to Bora Bosic, minister for Industry and Energy, at the moment the economy is functioning at 5 to 10 percent of its capacity. A research study named "The Relations of Exchange in the Economy of the Srpska republic" ["Odnosi razmene privrede Republike Srpske"], conducted by the PRIVREDA magazine, showed (at a time when there was still no embargo on the Drina River) that some goods are gradually disappearing from the market, because their production in the Srpska republic has dwindled. In the structure of exports from Srpska republic, the export of timber (which later appears in the export balance of Yugoslavia) leads with 30 percent, as well as the export of some goods that are not produced on this territory at all—which leads the authors to the conclusion that these came from the reserves that had been established before the war.

"Before the sanctions were introduced, in the first seven months of last year, the deficit of the Srpska republic (with the Federal Republic of Yugoslavia [FRY]) was $100 million, and in the next five months it increased three to four times. Since, at that time, export was made considerably difficult, and since the goods, at the same time, regardless of inconvenient conditions of payment and high prices, were not lacking on the market, the increased deficit was covered by foreign currencies," Mladen Ivanic concludes.

Tomas claims that the strengthening of the gray economy in Yugoslavia influences trading on the other side of the Drina River as well, so that it has become customary to use foreign money, cash, higher prices, and various provisions in order to purchase goods from the FRY. After the introduction of the economic blockade, these occurrences have become even more drastic.

Since, in war conditions, one cannot speak about conducting any economic policies, Mladen Ivanic reckons that, with the humble means it has at its disposal, the state will only be able to stimulate two activities: defense and agriculture. According to the words of Slobodan Kustrinovic, the fist man of the "Cajavec" Holding (one of the few firms considered to be functioning relatively successfully), the situation in the state-owned economy is now such that "everyone tries to use whatever they can, and however they can." This sector is, despite everything, still the main tax-contributor, although the regional auditing office of Prijedor Municipality, for example, informed the taxpayers (both in the state-owned and private sectors) that they have to pay taxes or else their property would be expropriated.

[Box, p 6]

Who Owes Whom?

The news, reported by BETA, that the governor of the National Bank of the Srpska republic accused the National Bank of Yugoslavia of owing it money provoked numerous reactions. Since we were not in a position to get more detailed information from the governor himself, we asked Ivanic for an explanation.

"It seems that the principle that dinars have to be 'covered' by foreign currency has been most strictly obeyed in the Srpska republic. While the budget of the republics and of the FRY was financed by primary emission in the first six months, that could not be done in the Srpska republic. Although the banks of the Srpska republic were formally a part of the banking system of the FRY, they were not in a position to credit their own economy," Ivanic says. "With the repurchase of foreign currencies, the Srpska republic was not able to redeem

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any significant percentage of the foreign currency basis, which it itself had already forwarded into the foreign currency reserves of the National Bank of Yugoslavia, as their basis for the dinars."

Ivanic denies any possibility that the exchange rate of the dinar might be endangered from this territory. "All dinars on the territory of the Srpska republic have been paid for, either with foreign currency or with goods. Officially there is no emission in the Srpska republic, and foreign currency still comes from the territory of the Srpska republic," Ivanic says.

HDZ Boycotts Talks on Konjic Municipality

AU0105154195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 May 95

[Report by an unidentified correspondent from Konjic]

[FBIS Translated Excerpt] Yet another failed attempt at forming the transitional bodies of authority in the Neretva canton in accordance with the Federation Constitution has been registered today in Konjic. The session of the Konjic city council—at which the statuary decision was to have been adopted today on the organization of the Konjic municipality in accordance with the federation constitution and a municipal chief was to have been elected—was called off because the representatives of the Croatian Democratic Community [HDZ] failed to arrive at the session.

There was no explanation as to why the HDZ representatives boycotted today's session of the municipal assembly in Konjic, and thus obstructed this step from being made toward the implementation of the Federation Constitution in this region. [passage omitted]

MBO Rejects Akmadzic for Ambassador to U.S.

AU0105192195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 1 May 95

[FBIS Translated Text] The Muslim Bosniak Organization [MBO] of Bosnia-Herzegovina believes that Mr. Mile Akmadzic, who has publicly declared himself to be against the integral Republic of Bosnia-Herzegovina, even at a time when he was the prime minister in its government, cannot be the ambassador of Bosnia-Herzegovina to the United States, the country that has proven itself to be a better friend to Bosnia-Herzegovina than Mile Akmadzic.

Besides, the current Bosnia-Herzegovina ambassador to the United States has been successfully performing his duties and has won a fine reputation in the social, political, and business circles in the United States with his consistent commitment to the interests of the Republic of Bosnia-Herzegovina. His replacement in this situation would be politically irrational.

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Tudjman: Main Thrust of Operation Almost Over

LD0105213895 Zagreb HTV Television in Serbo-Croatian 2115 GMT 1 May 95

[FBIS Translated Text] Croatian President Tudjman, accompanied by the highest-ranking Croatian official, went on a walkabout in Zagreb. Our team followed them.

[Begin recording] [Unidentified Croatian TV correspondent] Mr. President, good evening. What can you tell the citizens of Croatia following today's action by Croatian policemen?

[Tudjman] It is obvious that the citizens of Croatia could not wait for the day when they could travel feely on the [Zagreb-Belgrade] highway. So, we will ensure that this happens.

What else? I have been receiving telegrams and letters asking to join the police units. But our forces will do this to our citizens' satisfaction.

[Correspondent] Will the operation be finished by tomorrow?

[Prime Minister Nikica Valentic] It will.

[Tudjman] The main thrust will surely be over. [end recording]

Mikelic Statement on Events, Possible Cease-Fire

AU0205113695 Knin Srpski Radio Krajina Network in Serbo-Croatian 0700 GMT 2 May 95

["Complete text" of statement by "RSK Prime Minister" Borislav Mikelic after negotiations with the Republic of Croatia delegation on 2 May; place not given—recorded]

[FBIS Translated Text] Before I present the situation and the most topical developments regarding the events from the morning of 1 May until our return from the negotiations that took place at UNPROFOR [UN Protection Force] Headquarters at Pleso [Zagreb airport], I would like to say a few things, to explain what preceded our complex and very difficult situation, what happened in Western Slavonia, i.e. around the highway.

After we signed the cease-fire agreement on 29 March last year, and the implementation of that agreement, it was quite successfully implemented regardless of difficulties. It put an end to killing, the deaths that had happened quite often in the past years. After that, we began discussing economic relations, which were an integral part of the Zagreb Agreement, which provided for three stages. Those economic negotiations were also held under extreme pressure by the media, by the interests of the international community, as well as by interests of Croatia, toward the second stage. We signed that part of the agreement on 2 December and we were under great pressure to begin implementing the economic agreement, for there was a lot of tension regarding its implementation.

Naturally, the first issue was the highway and all of us, the leadership of the republic of Serb Krajina [RSK]—the government, as well as the assembly—knew that the highway was the central issue of the economic agreement. I thought that we would reduce the tension toward Western Slavonia the moment we open the highway, that it would be a trump card for the Serbs of Western Slavonia in the eyes of the international community, and that the better the highway would function, the more protection it will would from the international community, which would stand behind it. [as heard] And this seems to have been the biggest security problem for the Serbs on the territory of Western Slavonia.

These recent events regarding the highway, many individual interests, and the setting of fires around the highway led to major problems. What happened on Tuesday, or rather on Friday evening, i.e. on the night between 28 and 29 April, the night of the murder of our citizen, Tihomir Blagojevic, at the gas station near the Slaven Motel in Gradiska, was an act of vandalism committed by a nationalist who, as the government said in its statement, was a neighbor of Blagojevic, i.e. from the village where he had lived before. After that happened, we knew—since some of our citizens returned from the gas station and had witnessed what happened—that tension would mount, and it did. I immediately informed the representatives of both Croatia and the peace forces and requested that they try to reduce the tension or put an end to it, during the night between 28 and 29 April, until the situation regarding the case settled down.

In the meantime, I reported this, partly through our Interior Ministry and through both Okucani and our ministry here in Knin, that our response was quick. We reacted and prevented our trucks and citizens from taking over the highway at the Lipovac entrance, which was absolutely respected in most cases. At that time, overnight, and we suggested, that must have been at about 2100 [1900 GMT], that the highway be closed for traffic before tension built up even more. You know what happened: Three Croatian citizens were killed, several were seriously wounded, and eight were detained at Okucani Police Station.

On the other side, around 0300, two of our cars were forced to leave the highway and to go to the Brod police station, from where they were released in the morning. There were no other incidents or casualties, so that some of the information that was released was not true. The only truth is that seven of our citizens were detained at the Brod police station and released in the morning.

On Saturday, we tried to alleviate the situation, which was no longer that simple. We had a dead citizen on our side and, on the other, the temperature was also rising on the Croatian side. In the afternoon, however, we managed to organize an exchange. We first organized a meeting that was attended by UNPROFOR representatives, the Brod Interior Ministry, and members of the Okucani Interior Ministry, at which we agreed to

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exchange the body of Blagojevic and our side released Croatian citizens detained by the Okucani police.

On Sunday, we continued talks on the possibility of opening the highway, because we saw that, last time, when the highway was only closed for a single day, tension mounted and the Croatian authorities issued threats regarding the highway. We agreed, on Monday morning, on 1 May, to open the highway for traffic, and that it would be open from 0600 to 2000 and to keep it running like that for a couple of days, and, once the safety on the highway could be guaranteed, to open the highway for traffic 24 hours a day.

In the meantime, as you know, an aggression by the Croatian police forces against the territory and the population of the RSK in Western Slavonia began in the early hours of the morning, and very strong and aggressive attacks were launched from several directions. We were in a very complex situation and had to decide how to confront such an act of aggression. Since then, since we heard about those operations, all we have done is to respond quickly and contact the peace forces, their leaders, and Mr. Akashi personally, urging them to stop this aggression by Croatia.

In the course of the day, we managed to organize an urgent meeting, and it was held today at UNPROFOR Headquarters in Zagreb. The first part of the meeting, I lead our delegation and had General Dusan Loncar, the RSK Army chief of General Staff, and RSK Presidential Advisor Ilija Prijic by my side. The meeting began under the auspices of Gen. Janvier and lasted until 1900. Croatian delegation was lead by Mr. Sarinic, Gen. (Sernenko), and Mr. Reljic, the head of security. After a one-hour break—we waited for Mr. Akashi, who came from Sarajevo—and continued the meeting at 2000 and ended the meeting late at night. A five-item document was proposed, which primarily demands that a cease-fire be established, and our delegation was the first to demand that; that the forces withdraw to their initial positions within 24 hours after the signing of the agreement at the latest; a more efficient control of the highway by the UN forces; authorization for the United Nations to exercise more efficient control; and a provision for the freedom of movement of the Blue Helmets—and we saw today that it was not quite as it is supposed to be.

In our view, of course, the Croatian side was not prepared to sign that document last night, but requested that the talks be continued tomorrow at 1500 at the same place. This, of course, raises my fears that the other side is not serious about the cease-fire, probably having something else in mind. And I would like to warn our citizens, our frontline soldiers, and our military leadership to exercise extreme caution, to wait and see what would happen, without provoking anything on our side, for we are expecting to sign the agreement tomorrow. This is why I am giving this warning.

We will be returning here. Most government members are here with me today. Tomorrow we will hold consultations with the military and state leaders and will, in addition to the consultations, will be ready to sign such a peace agreement on a cease-fire at 1500. And I have already said what the agreement should contain.

Seven Powerful Detonations Rock Central Zagreb

AU0205090695 Paris AFP in English 0847 GMT 2 May 95

[FBIS Transcribed Text] Zagreb, May 2 (AFP)—Seven powerful detonations, thought to have been caused by shelling, rocked central Zagreb Tuesday [2 May].

State radio declared a general alert as ambulance sirens rang throughout the Croatian capital and several columns of smoke rose above the city while panicked residents deserted city streets.

The explosions came the day after Croatia launched an attack in the east of the country against Serb separatists.

Report of Serb Aircraft Seen Over Zagreb

AU0205110695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 2 May 95

[Report by Nada al-Isa from Zagreb]

[FBIS Translated Text] Somewhat before 1000 [0800 GMT], two projectiles were launched on the very center of Zagreb: one on Vlaska Street and another on Vukovar Avenue. We have learned unofficially from at the center of the UN forces that a woman was killed in Vlaska Street and that [word indistinct] was wounded. The population is in the shelters.

At the same time, we have also learned from UN sources that several shells were fired at the area of Zagreb Pleso airport. Whether the airport area was shelled with multiple rocket launchers or from aircraft has still not been reported, but according to still unconfirmed reports, three aggressor's aircraft were noticed over the airport. However, it has still not been established where they flew from or what they were targeting.

The Croatian media have still not carried this piece of news, but they are informing the population not to go out on the streets, that is, to remain in their shelters. Namely, strong detonations were heard in the whole of the city, so it is clear that something is happening although the official media are still not reporting [word indistinct].

We have received this first information of ours at UNCRO [UN Confidence Restoration Operation in Croatia] Headquarters in Zagreb.

Martic Protests to Akashi Over UN Conduct

LD0105193095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1833 GMT 1 May 95

[FBIS Translated Text] Knin, 1 May (TANJUG)—Milan Martic, president of the republic of Serb Krajina [RSK], has lodged a protest in a letter to UN special envoy Yasushi Akashi over the UN's conduct in connection with the latest attack on the RSK.

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"The totally unprovoked attack on Western Slavonia has brought about fresh destruction and new victims, and is threatening to lead to a fresh escalation of conflicts," the letter stresses.

"The UN forces did nothing to prevent this previously announced attack; furthermore, they did not inform us about Croatia's intentions. In this way, they took Croatia's side and helped the aggression, and thus have acted contrary to the obligations contained in the cease-fire agreement and UN Security Council resolutions," Martic's letter to Akashi states.

The RSK president expresses his expectations that, on the basis of Akashi's report, and for the sake of peace which the Serb Krajina has been advocating, the Security Council "will finally name Croatia as the main and only culprit for the war and punish it adequately."

Western Slavonia Corps Issues Statement on Attack

AU0205082395 Knin Srpski Radio Krajina Network in Serbo-Croatian 1400 GMT 1 May 95

[Report by Dragana Petrovic]

[FBIS Translated Text] Dragana Petrovic, from the Okucani Studio, has a report on the latest statement issued by the Information Service of the Western Slavonia Corps.

[Begin recording] The statement of the RSK [republic of Serbian Krajina] Army 18th Corps:

Attacks of the Croatian forces that began this morning at 0600 hours [0400 GMT], did not diminish in the course of the day. To the contrary, the attacks have only intensified. Using all kinds of artillery weapons and with the support of the air force and infantry units, the ustashas attacked the positions of the RSK Army 18th Corps at Pakrac, Lipik. From the direction of Novska toward (Rajic), via Brocice toward Jasenovac, and from the direction of Bivari and Rackovac toward Gorice, Donja Varos, Stara Gradiska, and Gradiska in the Srpska republic.

Croatian artillery is also targeting residential areas, inflicting immense material damage and killing several civilians. The enemy air force was active today in the Pakrac area and in the vicinity of Stara Gradiska. Aircraft and helicopters fired dozens of missiles as well as bombs. In short, the Croatian Army used all available means and weapons to attack the territory of Serb Western Slavonia.

However, Croatian radio propaganda states, every 10 minutes, that only police forces are involved in an attempt to open the highway for traffic. This is a blatant lie and an attempt to deceive their own and international public.

Soldiers of the RSK Army 18th Corps successfully repulsed those perfidious attacks, inflicting heavy losses on the enemy. This morning, antiair defense units downed two Croatian helicopters near the Prasnik forest, near Stara Gradiska, and damaged one helicopter.

All Serb defense lines in Serb Western Slavonia are stable and the soldiers send word that they will successfully defend every inch of their country. The Command of the 18th Corps has warned the population not to fall for the enemy propaganda that urges the Serbs to be loyal and coexist with the Croats, for this heinous attack of the Croatian Army shows that there will never be coexistence.

According to the Command of the 18th Corps, in this case UNPROFOR [UN Protection Force] has not done anything to fulfill its peace mission. To the contrary, UN members, without firing a single shot, surrendered all their check points located in the buffer zone to the Croats, starting with the one between Pivari and Donji Varos, to those in Pakrac and the Sjever-Jug Motel near Novska. The behavior of UN members is best described by the fact that the Croatian side informed UNPROFOR commands already last night that they would carry out an attack on the Serb territory. Unfortunately, UNPROFOR did not do anything to inform the Serb side about that. This is a shameful stain on the reputation of the international community, which is to blame for the victims of the Croatian aggression against the territory of Western Slavonia.

The command of the Corps takes this opportunity to appeal to all Serb patriots to join the defenders of the centuries-old Serb territory in Western Slavonia. [end recording]

Martic: Western Slavonia 'Under Total Control'

AU0105211295 Knin Srpski Radio Krajina Network in Serbo-Croatian 1400 GMT 1 May 95

[Interview with RSK President Milan Martic by an unidentified correspondent; place and date not given—recorded]

[FBIS Translated Text] [Martic] Croatia, or rather its authorities, this morning revealed their true colors and proved that for a long time now, they have been striving toward a military option, but that their only problem was to secure the support of foreign factors. The event that preceded the aggression was not a coincidence in our opinion. It was staged by design, as Croatia needed a cause to commit an aggression. What makes their hypocrisy even worse is the fact that they announced their attack—they informed UNPROFOR [UN Protection Force] in advance. They said it would be an attack of police forces, although we know very well that those are members of their armed forces, so we are not interested in what they call them, whether they call them forest rangers or policemen or soldiers. We do not care what they call themselves because this is an act of aggression.

As far as we are concerned, we were not taken by surprise. We were ready because we expected that something like this would happen. First of all, I would like to highly

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commend the soldiers and the officers of the 18th Corps, headed by Lt. Babic, and the population of Western Slavonia for their heroic behavior. Western Slavonia is an integral part of the territory of the republic of Serb Krajina [RSK] and it will not be abandoned or left in the lurch. We held a session of the Supreme Defense Council today and we sent forces from other areas to help protect the territory of Western Slavonia. Apart from our forces from the RSK, there are forces from the Srpska republic, Serbia—masses of men have volunteered.

Consequently, on the whole, there is no reason to panic. We are a well-organized state, we have an organized army, and we have organized authorities that will protect our civilians, and measures to that end have already been taken. I believe that we will emerge as victors from this expected Croatian attack and I also expect that the international community—that is, the Security Council—will take some steps and condemn this act and punish Croatia for such an action. We know that there have been three acts of aggression so far, and yet there has not been a single punishment.

[Correspondent] According to all the information that we gathered in the RSK capital, Western Slavonia is being defended with determination. All units of the RSK Army and RSK Police were prepared for the Croatian attack.

[Martic] Yes, you are right. All of us—the army, the police, the people—were ready for this attack and we destroyed several pieces of hardware of the Croatian Army. As far as I know, it was a helicopter. They also inflicted heavy losses on the Croatian Armed Forces. However, we did not want this war. We did our best. We tried absolutely everything to prevent this war and solve all our problems through negotiations, by peaceful means. But our enemy obviously did not take our appeals seriously, nor did they take the warning of the international community seriously. Whether Croatia is enjoying the support or backing of its sponsors—Germany and the United States in particular—remains to be seen. If Croatia is not publicly condemned, then they probably do have such support. However, I am not interested in that support. I am interested solely in the situation in our midst and that we have the situation throughout the RSK territory at all times—that is, that we are capable of fighting and defending ourselves.

[Correspondent] Mr. President, there have been appeals not to create an incident aimed toward the UN forces.

[Martic] The United Nations and its representatives did not do anything to cause an incident. They are doing their job and there should, of course, be nothing on our side to provoke any kind of incident. I am convinced that our citizens will respect that and that there will not be an incident on our side. Anyway, we often hear UNPROFOR representatives emphasizing that at news conferences. In this case, too, the reports that we received from UNPROFOR representatives were positive, as far as the RSK was concerned.

[Correspondent] One last question: We have had quite a few calls from all parts of the RSK who want to know more about the situation in Western Slavonia, but not just about Western Slavonia as an integral part of the RSK. They wonder what would happen in other parts of the RSK in case of an aggression against some other part of the country.

[Martic] I have already said that we have the situation under total control. The Supreme Defense Council is constantly in session. We suggested that the government do the same, that they also be in session all the time. Consequently, a mistake cannot be made without our noticing it and pull strings. [sentence as heard] I am convinced that we have the strength to defend ourselves wherever we are attacked. We will keep a close eye on the situation. If the fighting escalates, we will, of course, respond adequately. I think that the Security Council—that is, the relevant factors, West countries that influence Croatia—will take steps to prevent a further escalation of clashes. As I said, we are prepared to solve everything by peaceful means, to negotiate, but we will not let them walk all over us, we will not relinquish our territory.

[Correspondent] Perhaps this is not the right time for this question, but all things considered, you seem to be optimistic and feel that there is no reason for panic as far as RSK borders are concerned.

[Martic] I have always been optimistic and I keep telling people that we are doomed to win. We were forced to fight for survival, but I am convinced that our motive to fight for and defend our homes is much stronger than any weapon, stronger than any pressure exerted by foreign governments, the Security Council, all those factors that are harmful to us, but I am convinced that we are absolutely right and that we will succeed in our intention. I am optimistic, very much so, knowing that our people do not intend to look for another homeland and that they will defend themselves where they have lived for centuries.

RSK Council Commends Western Slavonia Defense

AU0105205595 Knin Srpski Radio Krajina Network in Serbo-Croatian 1400 GMT 1 May 95

[FBIS Translated Text] An extraordinary session of the RSK [Republic of Serb Krajina] Supreme Defense Council was held today in Knin. It focused on the latest aggression by the armed forces of the Republic of Croatia against the RSK. The session of the Supreme Defense Council was chaired by RSK President Milan Martic. Apart from the regular members, the session was also attended by RSK Foreign Minister Milan Babic, runs the statement issued by the RSK President's Information Service, and adds that the Supreme Defense Council commends the command, officers, and soldiers of the RSK Army 18th Corps for their timely, well-organized, and successful activities in defending the country. The

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session concluded that the population of Western Slavonia and the soldiers of the 18th Corps were not taken by surprise, but responded heroically to enemy attacks.

The Supreme Defense Council, the statement goes on, said that the Republic of Croatia committed an act of aggression even though it was not provoked. The contention of the Croatian side that the aggression was caused by highway incidents were described as a set of deliberate lies. The authorities of the RSK, the statement continues, were forced to close the highway section through Western Slavonia because the authority that the Serb side had over the control of the highway did not allow us to guarantee the safety of traffic on the highway section through our territory. The Supreme Defense Council decided to carry out an additional mobilization of some units of the RSK Army. To that end, it urges all conscripts that are presently outside the territory of the RSK to return to their towns and villages as soon as possible so that they are at the disposal of their military units should the need arise.

Furthermore, the Supreme Defense Council urges the citizens of the RSK to stay calm and composed.

The Supreme Defense Council decided to remain in session the whole time and proposed that the government of the RSK do the same.

Belgrade Reports 'Extremely High' Casualties

AU0205114295 Belgrade Radio Beograd Network in Serbo-Croatian 1100 GMT 2 May 95

[Report by Branislav Bozic from Banja Luka]

[FBIS Translated Text] Western Slavonia is still ablaze today as artillery duels and very close and bloody tank and infantry clashes continue. The Croatian Air Force and artillery are continuously shelling Western Slavonia and the right bank of the Sava River, that is, the Srpska republic. The town of Gradiska on the Sava River [Bosanska Gradiska] and the surrounding villages have come under particularly fierce artillery fire and air raids, so that the casualty toll among civilians is extremely high.

The entire town is covered with shards of glass and much of it is in ruins. Since last night, Croatian MiG jets have flown five sorties, indiscriminately shelling and bombing civilian targets. The Serbian antiaircraft defense has downed one Croatian MiG just over the Sava River, 5 km east of Gradiska. Courageous television cameramen have already filmed the wreck and the pilot's equipment that landed on both banks of the river.

All in all, the fighting is escalating and convoys of Croatian tanks and infantry are attempting to take total control of the entire section of the highway that is part of the republic of Serb Krajina. In Banja Luka, Gradiska on the Sava River, Kozarska Dubica, and Laktasi, there are over 3,000 women and children who have fled Western Slavonia. They testify to the very close and bloody clashes and a great number of casualties.

UN Confirms Air Attack on Border River Bridge

LD0105175795 Belgrade SRNA in Serbo-Croatian 1727 GMT 1 May 95

[FBIS Translated Excerpt] Gradiska, 1 May (SRNA)—Two Croatian Air Force MiG jets bombed a bridge over the Sava River between Stara Gradiska and Nova Gradiska around 1700 [1500 GMT], Radio Gradiska told SRNA.

According to initial reports, material damage was inflicted on residential and commercial buildings in the town, and the people are in shelters.

The radio station could not confirm if the bridge, which links the republic of Serb Krajina and the Srpska republic, was hit. UN sources in Zagreb confirmed the report of the Croatian Air Force attack. [passage omitted]

Serb Defense: Conflicting Reports on Involvement

AU0205090095 Ljubljana Radio Slovenia Network in Slovene 0500 GMT 2 May 95

[Report by Matej Surc from Belgrade]

[FBIS Translated Excerpt] In yesterday's attack in Western Slavonia the Croatian Army scored considerable successes, Serbian military sources in Banja Luka confirmed to the Belgrade-based BETA news agency.

According to them, the Croatian units have even entered Pakrac, which is the main strategic point of the rebel Serbs in Western Slavonia, and thousands of Serb refugees are fleeing from there. However, the Krajina Serbs General Staff is releasing a different sort of information, namely, that the defense line are stable and that the Croats have suffered big losses.

It is not clear at the moment whether some local commands are deliberately exaggerating the Croatian actions in Krajina in order to involve Belgrade in the conflict between Zagreb and Knin.

The Serb defense definitely appears to be confused and disjointed. Karadzic yesterday announced joint military operations of the Krajina and Bosnian Serbs. However, the Banja Luka Command announced that the Bosnian Serb Army in this area will not intervene in the clashes unless directly attacked.

Press spokesman in Knin Peter Damjanic last night stated that Krajina will defend itself with all means and warned that the Croatian units are also preparing to penetrate Lika, Banija, and Kordun. [passage omitted]

Babic Seeks Volunteers; 'War Has Started'

LD0105221795 Belgrade SRNA in Serbo-Croatian 2135 GMT 1 May 95

[Received via fax]

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[FBIS Translated Excerpt] Sarajevo, 1 May (SRNA)—Colonel Lazo Babic, commander of the 18th Corps of the Krajina Serb army, today called on all able-bodied persons of western Slavonia to join in the defense of the Serb country, and foil the enemy offensive.

In a statement for the [Krajina] Serb radio and television network, Babic said that this morning's aggression by the Croatian Army against the republic of Serb Krajina territory means "that the war has started." He confirmed the Krajina Serb army's readiness "to defend every inch of the Serb Slavonia." [passage omitted]

Army on Lika Line, Surrounds UN Checkpoints

LD0105224295 Belgrade TANJUG Domestic Service in Serbo-Croatian 2226 GMT 1 May 95

[FBIS Translated Text] Knin, 1 May (TANJUG)—The command of the Lika Corps of the Krajina Serb army [KSA] stated this evening that the Croatian Army has brought in and positioned forces along the demarcation line in Lika and that it has taken some positions in the neutral zone and surrounded UN checkpoints.

Quoting the Corps command, Serb Radio Korenica has reported that the Croatian forces opened fire on KSA positions several times today and that a large-scale clash broke out between Croatian units and Lika Corps soldiers near the Trle UN checkpoint late this afternoon. There were no wounded among the Serb soldiers.

Sector South Commander General Rostislav Kotil today visited the Lika Corps command. He was handed a sharp protest and a demand that Croatian forces be withdrawn from UN checkpoints and from the neutral zone.

Serbs Reportedly Seize 115 UN Personnel

AU0105172795 Paris AFP in English 1705 GMT 1 May 95

[FBIS Transcribed Text] Zagreb, May 1 (AFP)—Croatian Serb rebels under attack from Croatian Army Forces seized 115 UN personnel on Monday [1 May], a UN official said here.

The UN staffers were 36 civilian policemen and 79 peacekeeping troops from Nepal and Argentina, the official said.

Serb Radio: Defense Lines 'Firm' Around Kordun

AU0205084595 Banja Luka Srpski Radio Network in Serbo-Croatian 1700 GMT 1 May 95

[FBIS Translated Text] The Press Center of the 21st Corps of the Serb Army of Krajina reported that following the morning events in western Slavonia there were artillery attacks from the Karlovac area on civilian targets in Kordun. The command of the Kordun Corps intervened with the UN peace forces, but they did not react. The units of the 21st Corps of the Serb Army of Krajina were forced to use fire against the military targets in the Karlovac area. A general alarm was sounded in Kordun, and the people are in shelters. The Press Center of the Kordun Corps reports that the artillery. [passage indistinct], but the Serb defense lines are firm.

Army Uses Sniper Fire Against Glina Brigade

AU0105211995 Knin Srpski Radio Krajina Network in Serbo-Croatian 1900 GMT 28 Apr 95

[FBIS Translated Text] The Information Service of the 39th Corps of the Serb Army of Krajina has reported that the regular Croatian Army forces in Pokupska Slatina used sniper fire against the positions of the Serb defenders of the Glina brigade. Vlado Kepcija reports:

[Kepcija] There were no casualties among the Serb soldiers, and there was no response to the provocations, since the Serb Army has been consistently observing the regulations included in the Zagreb Agreement.

The command of the Banija Corps sent a letter of protest to the Sector North UNPROFOR [UN Protection Force] command, which says:

"The Croatian Army has frequently violated the Zagreb Agreement, thus making us increasingly distant from negotiations, which may lead to a large-scale conflict. With these violations, the Croatian side has forced us to carry out the defense preparations that you have been protesting against with us. We demand that you take more efficient measures against the Croatian side with the aim to prevent incidents and bigger conflicts, particularly since we suppose that the Croatian Army members that are in that area are the extremist ones."

RSK Assembly Idefinitely Postpones May Session

AU0205092595 Paris AFP in English 0845 GMT 2 May 95

[FBIS Transcribed Text] Belgrade, May 2 (AFP)—The self-proclaimed Croatian Serb parliament indefinitely postponed a session planned for Tuesday because of Croatia's offensive against separatist Serbs in eastern Croatia, a Serb spokesman said.

Pero Damjanic, spokesman for the parliament of the rebel Serb republic of Krajina who spoke by telephone from Knin, the capital of Krajina in southern Croatia, could not say when or where the next session would be held.

The "parliament" was to have met Tuesday in Borovo Selo in a Serb-controlled part of eastern Croatia to take a stand on the new mandate for the UN peacekeeping force in Croatia. But the session was put off after Croatian forces rolled across UN ceasefire lines Monday in a land and air attack on separatist Serbs east of Zagreb in the biggest offensive in 19 months.

Croatian warplanes on Tuesday defied a UN call to cease the day-old offensive and bombed a key bridge on the Bosnian border, apparently to stop the Serbs bringing in reinforcements. Sources at the Krajina "parliament's" office in Belgrade said the body would probably meet

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next in Knin, in southern Croatian, where the self-proclaimed republic's military and political leaders have been meeting since Monday.

RSK Army Chief Views Military Situation

AU0205084095 Knin Srpski Radio Krajina Network in Serbo-Croatian 1400 GMT 1 May 95

[Interview with Lieutenant General Milan Celeketic, chief of the republic of Serbian Krajina Army General Staff, by an unidentified correspondent; place and date not given—recorded]

[FBIS Translated Text] [Celeketic] President Martic, our supreme commander, has been informed about all elements; all information is available to him and he told you what he thinks personally and presented the view of the Supreme Defense Council.

Let me just fill in a couple of pieces of information of a more specific nature. For example, apart from other units, two special units are also engaged: a special police unit and the 1st Guardsmen Brigade. Members of the 18th Corps coped very well with the attack and readily fought back, although we could pull out our heavy artillery only at the last minute, only then could we take heavy artillery out, and at our own responsibility, in keeping with what we agreed on in 1992. All this information is enough for all people with good intentions to realize to what degree we stick to the decisions made by our political leaders, which we, as soldiers, are obliged to implement.

Our positions are stable, our defense firm. I can also tell you that all our corps commanders have prepared their units, which are on standby and waiting to join in, realizing that our Serbianhood is being defended in Pakrac, in Benkovac, and in Beli Manastir. This should be a signal to all our citizens, to all patriots, that we cannot take the ustashas lightly, regardless of their charm, because it hides what they showed in the early hours of this morning, on this international labor day, which they observe, praise, and boast about. More precisely, only a sick mind can realize that somebody can accept enemy forces and behave normally—and it was the sons of those parents that were killed, and those parents are now at the age that they cannot even hold guns, and now they want them to be loyal, to surrender their weapons and they will come and use their knives to do what they please and what they think should be done. [sentence as heard]

[Correspondent] We wanted to ask you about that, just one more question. The Croatian media allegedly urge citizens of the republic of Serb Krajina to undergo the so-called peaceful reintegration. The same media say that some people in the republic of Serb Krajina welcomed Croatian liberators, as they say.

[Celeketic] I guess that is their tradition, since they welcomed the Wehrmacht in 1941, gave them flowers, and in 1944 they welcomed the Yugoslav Army with flowers. It is all the same to them, whoever it is; they give them flowers. But we are not like that. We know who should be welcomed with flowers. To welcome them with flowers! The people—you know what kind of welcome they gave them.

[Correspondent] President Martic says that he is optimistic, in a way. You are an operative, a soldier. What do you predict?

[Celeketic] Things are quite simple. Our president is the example of how composed we should all be in the most trying circumstances, how to make decisions. As his associates, we can only learn from him, and we do learn from him. We have the situation under control. We know what we must do. We are doing it and will continue to do so.

National Security Chief Olujic Interviewed

95BA0205F Zagreb VJESNIK in Serbo-Croatian 14 Mar 95 p 7

[Interview with Dr. Krunislav Olujic, director of the National Security Office, by Aleksa Crnjakovic; place and date not given: "How Croatian Intelligence Agents Operate"]

[FBIS Translated Text] U.S. President Clinton removed the head of the American intelligence service the other day and appointed a new one. No one protested because in the presidential system they know precisely who has the right to remove and appoint such an important individual. What is our situation? On Tuesday, the deputies in the House of Representatives will probably pass the law on the National Security Office, which many refer to affectionately as "the Croatian CIA." That is not what it is, in part because the semipresidential system defines somewhat different rules of the game. Nevertheless, in the parliamentary debate up to this point there have been many criticisms directed precisely at the provisions defining the powers of the president of the state concerning the intelligence service and also this office, which is part of it.

In past years, that important institution has been headed in turn by three men: The first director was Josip Manolic (although it was then called the Office for Protection of the Constitutional Order), then the post was taken by Hrvoje Sarinic, and most recently Dr. Krunislav Olujic has been doing that job very effectively for six months now in the beautiful villa in Jurjevska Street, better known as Bakaric's villa. If the law passes in the parliament, the president of the state will have to appoint a director of the office, and it is almost completely certain that that will again be Olujic.

[Crnjakovic] How will the law regulate the future status and powers of the office you head?

[Olujic] The law's adoption is a logical consequence of Croatia's decentralized intelligence and security system.

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This means that there are intelligence services with specific areas assigned to them whose work needs to be coordinated and overseen.

[Crnjakovic] What are those services?

[Olujic] The Service for Protection of the Constitutional Order, which operates in the Ministry of Internal Affairs, the Security Information and Military Intelligence Service, which operates in the Defense Ministry, and the Seventh Administration, which operates in the Ministry of Foreign Affairs. This division is in keeping with Croatia's needs and past experience. The need has arisen for the existence of a body that would guide, coordinate, and oversee the work of those special-area intelligence services. That body is the National Security Office, which is an executive arm of the state. Its status and operation must be defined in law.

We Have Been Following Our Own Experience

[Crnjakovic] Has any experience from the outside world been used in organizing such an important institution as that office?

[Olujic] No, we have not copied the systems that exist in other countries, but we have followed our own past experience, though it is not great, and our own needs. There are various models of intelligence systems in the world. In the United States and Germany, they are highly centralized, by contrast with ours. Because our system is decentralized, the need arose for an office that would coordinate the work of the other services.

[Crnjakovic] Is there a danger that one of them could "escape" the system of oversight and become a force in and of itself?

[Olujic] All those services operate consistent with their own regulations. When there are several intelligence-security services in a country, as in our case, it is clear that there must be competition among them—"rivalry," which in and of itself is not bad—but relations among them must be harmonized on the basis of certain special regulations. In some sense, it is desirable to have constructive and loyal competition among the individual parts of the intelligence-security system. The office is there to see that that competition does not become disloyal competition.

[Crnjakovic] Does the director of the office thereby become the "spy on the spies," the man with the greatest power?

[Olujic] The director is appointed by the president of the state. I do not have greater powers than granted me by the law. There is no danger of power being concentrated here that would escape oversight.

Abuses Can Be Prevented

[Crnjakovic] Is there parliamentary oversight over the office and over you personally?

[Olujic] Yes, possible abuses can be prevented. The office is conceived in the Constitution as a body accountable both in function and organization to the president of the republic, that is, it is subordinate to the head of state as the head of the executive branch. But in keeping with the provisions of the proposed law, the office will be required to submit reports to the government on its work related to the work of state ministries in connection with national security matters that have been handled. There is also a special form of parliamentary oversight over the work of the National Security Office through the parliamentary Committee for Domestic Policy and National Security. The law explicitly prescribes the office's obligation to submit annual reports on its work to that committee, and, at the committee's request, it may also submit special reports on matters within its jurisdiction. That provision in practice makes it possible for the House of Representatives to exercise what is called parliamentary oversight over the work of the office and all its services. The National Security Office must also submit to the committee all normative acts which it has the right under the law to adopt itself.

Are the Critics Right?

[Crnjakovic] During the parliamentary debate of the bill, some deputies objected that the head of state has excessive powers, for example, that appointed officials of the office are accountable only to the president of the state. Are the critics right?

[Olujic] In countries which regulate the intelligence system, that service is mainly associated with the head of state. In parliamentary systems, it is mainly associated with the government. Because we have a semipresidential system, the president of the republic sees to the honoring of the Constitution and guarantees the survival and unity of the state, while matters within the domain of the office fall in its jurisdiction, because it is a question of national security. It is an executive agency. Officials of the office are accountable to the president of the republic, because the president appoints both the director of the office and his deputy. The director of the office nominates, and the president appoints directors of all three intelligence services: the Croatian Intelligence Service, the Oversight Service, and the Headquarters for Securing the Supreme State Command.

[Crnjakovic] What is the function of the Main Committee? There has been criticism that too much importance is given to the ministers of the state ministries, which allegedly destroys the hierarchy in the RH [Republic of Croatia] Government because the prime minister, as superior to all the ministers, is omitted from the work of the committee. How do you answer those objections?

[Olujic] The relationship between the office and the government is derived from the constitutional principle that the government is subordinate to the president of the state. Accordingly, the office coordinates the work of

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state ministries in the handling of national security affairs, but that provision does not preclude the right of the government to guide the work of the state ministries in matters of the executive branch which are not in the jurisdiction of the president of the republic or a body of state subordinate to him. This position of the office and the makeup of the Main Committee are consistent with the Constitution, with the constitutional position of the president of the state, and his responsibility for handling national security affairs, and in no respect does it restrict the work of the government.

The Office Is an Executive and Operational Body

[Crnjakovic] There have also been proposals that the office must not have operational functions, because there could be an abuse of authority. What is your comment on that?

[Olujic] Abuses are, of course, always possible, and no reasonable person, myself least of all as the current director of the office, can or would like to assert that they are not. But I must ask what are the proposed provisions of the law that make that possible? The most important authority of the office is coordination, guidance, and oversight of the bodies of the specialized intelligence services. The office is an executive and operational body of the state with respect to its function.

[Crnjakovic] What does the Oversight Service do?

[Olujic] Just like all the others, it must also have a legally clear and established jurisdiction. Its organization and operating procedures will be defined in detail by its internal regulation.

[Crnjakovic] What, for example, will be the role of the Headquarters for Securing the Supreme State Command?

[Olujic] It must see to protecting and guarding the president of the state, members of the government and parliament, but also the security of buildings which they use. And not just that! It is not just a question of physical protection, but also of protection from the standpoint of intelligence and security.

[Crnjakovic] What will be the size of the staff in the office? What professional conditions must applicants meet to get a job?

[Olujic] It is difficult to say in advance how many will be involved. The office is growing from a presidential advisory body into an executive body of the state whose components will be three services; the need arises for a larger staff, for an increase in the number of people. This question will be dealt with in the regulation on the organization and operating procedure, which the director of the office adopts with consent of the president of the state. Naturally, decisions on hiring and firing state employees and also on rights concerning the duties of officials of the office will be adopted on the basis of specific legal authority, and that is in the competence of the director of the office. The conditions which applicants must meet will be established in specific enactments.

Where Intelligence Work Is Learned

[Crnjakovic] There are not many who have been able to learn their trade in our state. Experienced people, I assume, are not exactly desirable.

[Olujic] I am clearly thinking of people who have gained certain experience in intelligence work since 1990. There are not very many of them, but it is our task to create the prerequisites for there to be as many with formal training as possible. In Croatia, there is an enviable potential for people who might place their abilities at the service of the homeland.

[Crnjakovic] Where can intelligence work be learned?

[Olujic] In the Police Academy, a certain number of personnel will be sent for training abroad at state expense.

[Crnjakovic] Will party affiliation be one of the criteria?

[Olujic] No. The only important condition, along with professional competence, is loyalty to the Republic of Croatia and an evident readiness to do the job. You know, excessive ideological bias of officials in national security systems often proves to be a great shortcoming.

[Crnjakovic] You have been in the post for five months. What are the achievements of the Croatian Intelligence Service?

[Olujic] Although I have not been in this place long, I have learned something: One of the golden rules is not to make specific answers to those questions. Nevertheless, I really think that we can be satisfied.

[Crnjakovic] "Spooks" do their job so well that they even eavesdrop on the head of the National Security Committee. I am referring here to the bugging of Luka Bebic. What have you to say about that?

[Olujic] That is something particularly painful in Croatia as a law-governed state. It is intolerable for such conversations to be published in the press, and the minister for that area must insist that the entire case be brought to light and the participants in that inappropriate and unlawful act brought before the face of justice.

[Crnjakovic] Are you afraid that tomorrow someone might make public even a conversation conducted from your office?

[Olujic] I preclude that possibility in advance. But if it happened, I would not be personally afraid of any part of my conversation, because I cannot and do not want to evade the public because it will be one of the principal factors that will render judgment on the value of every high official.

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Federal

Belgrade Condemns Croatian 'Act of Aggression'

LD0105183595 Belgrade TANJUG Domestic Service in Serbo-Croatian 1826 GMT 1 May 95

[FBIS Translated Text] Belgrade, 1 May (TANJUG)—The government of the Federal Republic of Yugoslavia [FRY] this evening vehemently condemned the crude act of aggression by the Republic of Croatia against the republic of Serb Krajina, as a completely unprovoked act of violence and demonstration of force.

A statement says that the government of the Federal Republic of Yugoslavia expects the United Nations—in accordance with the UN charter and Resolution 988—to make an adequate response to Croatia's aggressive act.

Opposition Parties Add Criticism

LD0105201795 Belgrade TANJUG Domestic Service in Serbo-Croatian 1901 GMT 1 May 95

[FBIS Translated Text] Belgrade, 1 May (TANJUG)—Parties in the Federal Republic of Yugoslavia [FRY] today condemned the aggression launched by Croatia's Army against the republic of Serb Krajina [RSK].

Slobodan Vukasinovic, the Democratic Party [Demokratska Stranka, DS] spokesman, said this evening that Croatian aggression against the RSK showed that the Croatian leadership had abandoned peace process and opted for war.

"Now it is clear that the incident two days ago, when a Serb was killed on the Belgrade-Zagreb motorway, was just a pretext to provoke a Serb response and so gain an excuse to attack the RSK," Vukasinovic said.

We expect that the international community, which must condemn this attack and prevent a further escalation of conflicts, will react energetically, the DS spokesman added.

The Serbian Radical Party [SRS] said in a statement in connection with Croatia's aggression against the RSK that it would offer any assistance to the RSK people so that it can defend its homes and the Serb homeland.

Representatives of the New Communist Movement of Yugoslavia [Novi komunisticki pokret Jugoslavije, NKPJ] has most resolutely condemned "the aggression by Tudjman's soldiery against the RSK."

It is obvious that Tudjman's profascist clique aims to occupy Jasenovac and prevent the 9 May commemorations marking the 50th anniversary of the liberation of the Jasenovac concentration camp in which 700,000 Serbs, Jews, and Romanians were killed in World War II, the party statement says.

Jovanovic Discusses Talks With Japan, Hungary

AU0205074195 Belgrade Radio Beograd Network in Serbo-Croatian 2000 GMT 1 May 95

[FBIS Translated Text] Yugoslav Foreign Minister Vladislav Jovanovic had talks with Japanese Deputy Prime Minister Yohei Kono and Hungarian Foreign Minister Laszlo Kovacs in Budapest today. In separate, very useful and substantial talks, as all three sides assessed, possibilities were discussed for solving the crisis on the territory of former Yugoslavia, for lifting sanctions on our country, and for recognizing the continuity of the Federal Republic of Yugoslavia. The desire to continue the dialogue and further bilateral relations was expressed.

We asked Foreign Minister Vladislav Jovanovic, who arrived in Belgrade this evening, to assess today's diplomatic mission:

[Begin Jovanovic recording] The talks confirmed that this interest is founded on the assessment that Yugoslavia plays a [word indistinct] key role in the peace process for the Yugoslav crisis and in expectations that in further contacts and dialogue with Yugoslavia, these two countries, that is, Japan and Hungary, can stress their own role and increase their own contribution. In this respect as well, from our point of view, the talks completely fulfilled their objective: they not only enabled our interlocutors to acquaint themselves more closely with our position, but also to understand better the whole complex nature of the Yugoslav crisis and the harmfulness of continuing a unilateral approach to [word indistinct] the crisis, particularly insisting on new conditions for lifting the sanctions.

Apart from this, regarding Hungary, bilateral relations occupied an important place. Once again, we had an opportunity to convince ourselves that not only we, but Hungary too, find it important to have our relations protected from new shocks, particularly to have them completely normalized while sanctions are lifted and afterward.

The conclusion may be that the talks served not only to examine possibilities for restoring peace to our region, but also to strengthen bilateral relations, something both countries are interested in at least as much as we are. [end recording]

Serbia

SPS Demands UN Respond to Croatia's Attack

LD0105220895 Belgrade TANJUG Domestic Service in Serbo-Croatian 2147 GMT 1 May 95

[FBIS Translated Text] Belgrade, 1 May (TANJUG)—The Socialist Party of Serbia [SPS] most vehemently condemns Croatia's aggression against the republic of Serb Krajina, reads a party statement issued this evening.

The SPS expects the United Nations, primarily the Security Council, to react most energetically and efficiently to this brutal and violent act by Croatia, the statement says.

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Japan's Kono Urges Recognition of Bosnia

OW0105133895 Tokyo KYODO in English 1302 GMT 1 May 95

[FBIS Transcribed Text] Budapest, May 1 KYODO—Japanese Foreign Minister Yohei Kono on Monday [1 May] urged the Federal Republic of Yugoslavia to recognize Bosnia-Herzegovina as a state in order to solve a three-year-old conflict in the region, Japanese officials said.

Kono, who is visiting Budapest, made the request when he met with Yugoslav Foreign Minister Vladislav Jovanovic, saying Bosnia has promised to open its border if the new Yugoslavia recognizes its sovereignty, they said.

Jovanovic, however, said it was premature to recognize Bosnia as the issue of how to secure the rights of Bosnian Serbs has not yet been resolved, they said.

Conflicts may be intensified if Yugoslavia recognizes Bosnia now, Jovanovic was quoted as saying.

The crucial thing for a solution to the conflict is to lift international economic sanctions on new Yugoslavia, he said.

Jovanovic expressed hope that Japan will play an important role after the conflict ends, and the Japanese and Yugoslav foreign ministers agreed to continue exchanging opinions, the officials said.

The four-month truce in Bosnia expired Monday.

Bosnia declared independence in March 1992, with the United States and the European Union (then the European Community) recognizing it the following month.

But the new Yugoslavia, which includes Serbia and Montenegro, has refused to recognize Bosnia, where Serb nationalists are fighting Bosnian Government and Croat forces.

Earlier Monday, Kono met Hungarian Prime Minister Gyula Horn, who asked Japan to cooperate with Budapest's hope to make the country a financial center of east Europe, the officials said.

Kono said Tokyo will study what it can do, they said.

Kono arrived in Budapest by a chartered plane earlier Sunday for a three-day visit to Hungary after visiting Croatia for two days.

During his stay in Budapest through Tuesday, Kono is also scheduled to meet the Macedonian foreign minister to discuss ways of ending the Bosnian civil war.

Kono visited Croatia last week for talks with local leaders and the head of a UN peacekeeping mission in Bosnia, Yasushi Akashi, a Japanese national.

Kosovo

Rugova in Tirana; Comments on Swedish Visit

AU3004133795 Tirana TVSH Television Network in Albanian 1800 GMT 29 Apr 95

[Interview with Kosovar President Ibrahim Rugova by correspondent Asllan Bajrami in Tirana on 29 April—recorded]

[FBIS Translated Excerpt] Dr. Ibrahim Rugova, president of the Republic of Kosova, arrived in Tirana today after a two-day working visit to Sweden. [passage omitted]

[Bajrami] You just concluded a very important visit to Sweden during which you met with top personalities of that country. How do you assess the meetings held there?

[Rugova] I can say that it is a very important visit that demonstrates regular contacts with Sweden. This is the second high-level visit to Sweden, and regular contacts have been established between Kosova and Sweden. [passage omitted]

It was a very complete visit. As you know, Sweden has a very large presence in Kosova and they have promised greater international presence in Kosova, including that of Sweden itself, as well as diplomatic, political, financial, and humanitarian assistance for Kosova. I can say that I am very pleased, and contacts and regular relations will continue.

[Bajrami] Thank you.

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